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Government
Publications

INQUIRY RE:

THE HONOURABLE L.A. LANDREVILLE

COMMISSIONER

THE HONOURABLE I.C. RAND

1966

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INQUIRY Re: The Honourable Mr. Justice Leo A. Landreville



Commissioner

The Honourable I. G. Rand, Q.C.

1966



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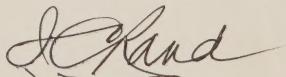
TO HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL,

May It Please Your Excellency,

I, the undersigned, Ivan Cleveland Rand, of Moncton,
in the Province of New Brunswick, appointed Commissioner
by Order in Council P.C. 1966-128, under Part I of
the Inquiries Act, to inquire into the dealings of the
Honourable Mr. Justice Leo A. Landreville with Northern
Ontario Natural Gas Limited or any of its officers,
employees or representatives, or in the shares of the
said Company, and to advise whether, in the opinion of
the Commissioner, anything done by Mr. Justice Landreville
in the course of such dealings constituted misbehaviour
in his official capacity as a judge of the Supreme Court
of Ontario, or whether the Honourable Mr. Justice Landreville
has by such dealings proved himself unfit for the proper
exercise of his judicial duties:

Beg To Submit To Your Excellency

The Following Report



August 11, 1966

The Commissioner



Canada

ELIZABETH THE SECOND,

by the Grace of God
of the United Kingdom,
Canada and Her other
Realms and Territories

Head of the Commonwealth,

Defender of the Faith

Acting Deputy Attorney General

TO ALL TO WHOM THESE PRESENTS SHALL COME OR WHOM THE SAME MAY IN ANYWISE CONCERN,

GREETING:

WHEREAS pursuant to the provisions of Part I of the Inquiries Act, chapter 154 of the Revised Statutes of Canada, 1952, His Excellency the Governor in Council, by Order P.C. 1966-128 of the nineteenth day of January, in the year of Our Lord one thousand nine hundred and sixty-six, a copy of which is annexed, has authorized the appointment of Our Commissioner therein and hereinafter named to

- (a) inquire into the dealings of the Honourable Mr. Justice Leo A. Landreville with Northern Ontario Natural Gas Limited or any of its officers, employees or representatives, or in the shares of the said Company; and
- (b) advise whether, in the opinion of Our Commissioner, anything done by Mr. Justice Landreville in the course of such dealings constituted misbehaviour in his official capacity as a judge of the Supreme Court of Ontario or whether the Honourable Mr. Justice Landreville has by such dealings proved himself unfit for the proper exercise of his judicial duties;

and has conferred certain rights, powers and privileges upon Our said Commissioner as will by reference to the said Order more fully appear.

NOW KNOW YE that, by and with the advice of Our Privy Council for Canada, We do by these Presents nominate, constitute and appoint THE HONOURABLE IVAN CLEVELAND RAND of Moncton, in the Province of New Brunswick, to be Our Commissioner to conduct such inquiry.

TO HAVE, hold, exercise and enjoy the said office, place and trust unto the said Ivan Cleveland Rand, together with the rights, powers, privileges and emoluments unto the said office, place and trust of right and by law appertaining during Our Pleasure.

AND WE DO HEREBY authorize Our said Commissioner to exercise all the powers conferred upon him by section 11 of the Inquiries Act.

AND WE DO FURTHER authorize Our said Commissioner to engage the services of such counsel, staff and technical advisers as he may require at rates or remuneration and reimbursement to be approved by the Treasury Board.

AND WE DO HEREBY authorize Our said Commissioner to adopt such procedure and methods as he may from time to time deem expedient for the full, proper and fair conduct of the inquiry and to sit at such times and at such places in Canada as he may decide from time to time.

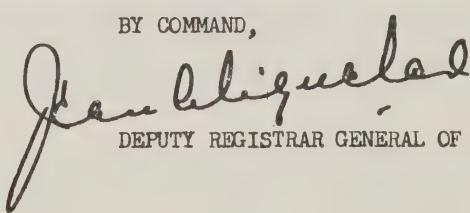
AND WE DO HEREBY require and direct Our said Commissioner to report his findings to Our Governor in Council with all reasonable despatch.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Well-beloved Counsellor, General Georges P. Vanier, a member of Our Most Honourable Privy Council, Companion of Our Distinguished Service Order upon whom We have conferred Our Military Cross and Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this second day of March in the year of Our Lord one thousand nine hundred and sixty-six and in the fifteenth year of Our Reign.

BY COMMAND,


DEPUTY REGISTRAR GENERAL OF CANADA

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 19th January 1966.

The Committee of the Privy Council, on the recommendation of the Minister of Justice, advise that the Honourable Ivan Cleveland Rand, of Moncton, in the Province of New Brunswick, be appointed a Commissioner under Part I of the Inquiries Act to inquire into the dealings of the Honourable Mr. Justice Leo A. Landreville with Northern Ontario Natural Gas Limited or any of its officers, employees or representatives, or in the shares of the said Company, and to advise whether, in the opinion of the Commissioner, anything done by Mr. Justice Landreville in the course of such dealings constituted misbehaviour in his official capacity as a judge of the Supreme Court of Ontario, or whether the Honourable Mr. Justice Landreville has by such dealings proved himself unfit for the proper exercise of his judicial duties.

The Committee further advise:

1. that the Commissioner be authorized to exercise all the powers conferred upon him by section 11 of the Inquiries Act;
2. that the Commissioner be authorized to adopt such procedures and methods as he may from time to time deem expedient for the full, proper and fair conduct of the inquiry, including authority to sit at such times and at such places as he may decide from time to time;
3. that the Commissioner be authorized to engage the services of such counsel and staff as he may require at rates of remuneration and reimbursement approved by the Treasury Board; and
4. that the Commissioner report to the Governor in Council with all reasonable despatch.

R. G. Robertson,
Clerk of the Privy Council.

The subject matter of this Inquiry had its remote origin in the discovery in the late 40's and early 50's of immense resources of natural gas in Alberta, which extensive exploration since then has confirmed in quantities beyond the most optimistic earlier predictions. With these discoveries, and following the course usually pursued in such cases, came the demand for the fullest earliest exploitation. Markets became a continental theme and at the outset those of the United States took first rank in attractiveness; population and industry made that inevitable. The Canadian Prairies offered a limited consumption, and it is not strange that one of the first proposals was the construction of a pipe line from Alberta to Winnipeg, thence southerly through Dakota, Minnesota, Michigan and neighboring states. Re-entry into Canada at Sault Ste. Marie and Sarnia was also envisaged.

Soon a call arose from eastern Canada for participation in the new found wealth: a Canadian fuel of such value should not be denied Canadian interests; and an all-Canadian route was soon entrenched in national policy. There were important features of such an undertaking of financial, engineering and technological nature which called for careful and imaginative consideration. In 1954 a route was proposed running from the Manitoba boundary to Fort William, from there skirting the north shore of Lake Superior to Sault Ste. Marie, thence through Sudbury to North Bay, and ultimately to Toronto and Montreal. This would have left the easterly portion of northern Ontario, roughly paralleling the line of the Transcontinental railway, beyond the range of supply. Along

that northerly course is a chain of pulp and paper mills as well as many large scale mining operations for which the gas would be a suitable fuel; and in short order, what may be called the northern route became the subject of a vigorous and, finally, successful campaign. In the summer of 1955, an order of the Board of Transport, issued a year earlier, authorizing the southern route, was amended by the National Energy Board, to which jurisdiction over pipe lines had in the meantime been transferred, by substituting the northern route, and from then on the enterprise moved to its accomplishment.

During the years 1954 to 1956 difficulties abounded; there was a shortage of pipe supply and financial sources generally were hesitant; for a distance of over six hundred miles east of Manitoba lies rough land interspersed with lakes and granite ridges, with small population and limited industry; the Prairies seemed to challenge economic feasibility. Alberta was concerned for an immediate outlet of the gas, as was indicated by the letter of Premier Manning, April 24, quoted at page 4027 of Hansard for May 17, 1956. The Government of Ontario had quickly sensed the prospect spread before the Province and in March 1956 the legislature had unanimously passed a bill to enable the participation of the Province, in conjunction with the Dominion Government, and to the extent of 35 million dollars, in the construction of the section of the line between the Manitoba boundary and Kapuskasing.

In the result the Dominion Government was authorized, in association with Ontario, to build that portion and to enter into an arrangement with Trans-Canada Pipe Line Company, which would enable that company ultimately to take it over, recouping the Dominion and the Province for whatever expenditures made. At the same time a sum not to exceed 80 million dollars was authorized as a loan by the Dominion Government to Trans-Canada, to enable

the completion of the Prairie section, the amount to be repaid within a stated period. According to C. Spencer Clark, the present Chairman of the Board of Directors of the Northern Ontario Natural Gas Company Limited, now known as the Northern and Central Gas Company Limited, the successful financing of the proposed work was assured by the purchase on February 27, 1957, of 90 million dollars of bonds of Trans-Canada by the Metropolitan Life Insurance Company.

Trans-Canada Pipe Line Company, here Trans-Canada, was incorporated by an Act of the Parliament of Canada in 1951. The proposed work was to serve as a trunk line from which laterals and distributing pipe systems would receive the fuel. It was early accepted that the distribution to customers should be a function separate from the main carriage of the gas, and that fact furnished the opportunity for the incorporation on May 6, 1954, under the provisions of the Ontario Companies' Act, of the Northern Ontario Natural Gas Company Limited, already mentioned. This Company, known as NONG, either by itself or, as between Manitoba and Geraldton, by Twin Cities Gas Company Limited, now a subsidiary, and by other controlled companies, has become the distributing agency between Winnipeg, Kapuskasing, North Bay, Toronto, Montreal and northwestern Quebec.

In 1954 what faced NONG was the task of determining the general feasibility of supplying gas to such an area; among other things, what could the northern country show in the form of a market for consumption? There were technical, financial and economic problems arising which required an answer before the two undertakings could safely become actualities.

The idea of the introduction and distribution of gas as an industrial and residential fuel throughout the northern section of Ontario, at least as effective to what followed, seems to have come from the mind of

the then Minister of Mines for Ontario, A.P. Kelly. Late in 1953, it was communicated to a nephew, G. Kelly McLean, then of Calgary, but visiting his uncle, who was sufficiently impressed to carry the notion back with him to Calgary, and there to act upon it. He passed it on to Ralph K. Farris, a business executive with a receptive mind, a resident of Vancouver, who for the then past five years or so had been interested in natural gas development generally. Farris is a man of sensitive imagination which seems to have been set aflame with the prospect of a unified gas distribution from Manitoba east. His experience in the gas field had brought him into contact with competent men in that field in the United States, and to one of them, Clark, already mentioned, of Seattle, he seems to have communicated both his conception and his enthusiasm.

Clark is an industrial and business executive and it was not long before action was being organized. The first step was to send a field representative, Grey, to gather data of every relevant kind from the northern district: topographical and geological features of the country, its resources, climate, accessibility, population, communities, in short, the total natural, economic, and social establishment. There were to be considered the founded industries, their extent, the existing forms of power, the fuel conversion possibilities, transportation, etc. This was carried out as a general assessment in the early months of 1954. With the information so acquired, Clark prepared a brochure of the scheme's probable feasibility. Armed with this information, Grey, in the later part of 1954, returned to Ontario and set up temporary headquarters in Toronto. By personal contact with the northern and eastern sections, chiefly between Hearst, North Bay and Sudbury, made from then on through 1955, Grey and another, Graff, stimulated the interest of a string of municipalities, industries and businesses.

The first step taken in Sudbury on the question was the submission on September 10, 1954, by the City Solicitor, Kelly, of a letter to the Mayor, then Jessup, and the Council: a copy was sent to the then Mr. Leo Landreville as Chairman of the City's Hydro-Electric Commission. The letter gave a good preliminary statement evidencing a careful study of its general features.

On November 4, 1954, a meeting was held by the Attorney General of Ontario in his office in Toronto, attended by representatives from Sudbury, including the Hydro Chairman, North Bay and Sturgeon Falls. The Attorney General, presently the Chief Justice of Ontario, reviewed the questions which would have to be examined and expressed views on certain of them. One was that of municipalities undertaking the distribution of gas by themselves: this was thought to call for finances beyond their capacity and the "know-how" in management which they did not have. Another was the desirability of having the distribution carried out by one company: and the recommendation was made that all the interested municipalities should together seek an agreement on what company it should be. The Attorney General impressed upon the representatives the fact of complete local autonomy in such matters, subject only to the authority of the Fuel Board of the Province. A report of this meeting was made on January 12, 1955, to the City Council of Sudbury by Mayor Landreville, who had been elected to that office in the preceding December.

On February 9, 1955, a meeting of representatives from a number of these municipalities took place at Kirkland Lake. The prospect before them was discussed in its broad outlines and the meeting concluded with arrangements for a further meeting to be held at the same place on March 9, at which specific features and aspects would be examined and, so far as possible, resolved.

And so it happened. Largely attended, with the City of Sudbury represented by its City Solicitor, J.J. Kelly, and with representatives from a number of Quebec communities as well, certain resolutions were adopted: that there be no distribution by municipalities; that one distributing agency should be employed throughout the region; that NONG be approved for that purpose. These were supported by sixteen municipalities situated along the line of the Transcontinental railway between Hearst and North Bay, embracing the industrial centres on the route of the Trans-Canada pipe line. At the meeting, at which the Chairman of the Fuel Board, A.R. Crozier, was present, Farris and other representatives of NONG, who, with the work already done by Grey and Graff, seem to have made an impression of both technical and financial capability for carrying the work out successfully, participated in the discussions. Though present, Kelly from Sudbury took no part in the discussion or voting. Although representatives of two other gas companies, Lakeland Gas Company and Merchants Gas Company, were present, their principals do not seem to have been seriously considered in the running for approval. The conclusions of the meeting were as much as could effectively at that time be done locally; what remained was agitation to bring the Trans-Canada line along the northern route, a change which as stated was brought about in the summer of 1955.

NONG had been incorporated with a share capital of 4,000 shares of no par value, and with a maximum amount receivable from the sale of stock of \$40,000. The initial allotments were as follows:

			<u>Shares</u>	<u>Price</u>
1954	May	- J.B. Lawson	1	\$ 10.00
		- Gordon Weldie	1	10.00
		" - G.P.H. Vernon	1	10.00
		" - Gordon K. McLean	200	4.00
		" - Matthew M. Newell	50	4.00
		" - Charter Oil Co.	75	4.00
		" - R.K. Farris	75	4.00
		" - C.W. Clark	100	4.00
1955	October 25	- Dwight C. Baum	40	100.00
		- Blanchett, Hinton & Jones, Inc.	20	100.00
		" - Charles T. Brown, Jr.	20	100.00
		" - John M. Emel	20	100.00
		" - Wheeler Grey	4	100.00
		" - Richard B. Hooper	8	100.00
		" - H.B. Jones, Jr.	8	100.00
		" - Lester W. Pettit	12	100.00
		" - E.B. Clark	8	100.00
		" - Blanche Noyes	100	100.00
		" - Gordon W. Ingham	20	100.00
		" - Canadian-American Royalties Ltd.	20	100.00
		" - Leslie T. Fournier	20	100.00
		" - Frank L. Fournier	5	100.00
		" - Bear, Stearns & Co.	100	100.00
		" - Ralph McL. Brown	5	100.00
		" - Frank S. Welters	10	100.00
		" - Stanley Burke	25	100.00
		" - Theodore O. Megas	5	100.00
		" - Charter Oil Co.	55	100.00
		" - Bankers Bond Corp. Ltd.	50	100.00
		" - George J. Morry	5	100.00
		1956	January 9	- Alexander D. McKenzie
March 22	- Donald A. Clark		1	2.50
April 11	- Beverley Matthews		1,500	1.00
1957	January 17		- Convesto & Co.	14,000
	" 17	- F.E. Shaw	1,000	2.50
	May 30	- Public Issue	400,000	10.00

This does not cover shares issued through the exercise of rights or in lieu of that, such as the issue in September 1956 of 14,000 at \$2.50 to Lehman Bros. of New York.

In November 1955, the original shares were divided into 100 each, and in July 1956, a further division was made of 5 each. In addition, there were three issues of share rights; the first, in January 1956, of 1 for every 10 shares held, at the price of \$2.50; the second, in June 1956, of 1 for

every 10 held at the price of \$7.50; the third, in September 1956, of 1 share for every 15 held at the price of \$2.50. As appears from the previous paragraph, on January 17, 1957, 14,000 shares were allotted to Continental Investments Ltd. This is a company incorporated in British Columbia, carrying on a brokerage business in Vancouver, in this report referred to as Continental; the shares were issued in the name of what is known as a "nominee", Convesto & Co. On May 31, 400,000 shares, combined with debentures in units of 1 debenture of \$20 plus one share, were offered for sale to the public. Disclosure of the details of the 14,000 allotment to Continental became the object of special attention by the Securities Commission of Ontario, in the course of investigating in 1958 the stock dealings of NONG; later in 1962, what was finally revealed on the re-opening of the investigation led to the prosecution of Farris for perjury, the laying of charges against Justice Landreville and others, and ultimately to this inquiry.

In the meantime, further and more intensive work was being carried on by representatives of NONG in dealing with the large number of industries accessible from the pipe line, by estimating costs of conversion to the new fuel; by the examination of all factors relating to rates; and, among other things, demonstrating that a single distributing company, operating over the entire route, was in a better position on rates than could be achieved by the direct sale of gas by Trans-Canada to, say, the well-known company, International Nickel, situated in the municipality of Copper Cliff adjoining Sudbury. This was due to the seasonal nature of the consumption: heavy residential use in winter with a minimum in the summer, and the ability of such a company to control and dispose of the seasonal surplus to industries at lower rates while maintaining a steadier general supply.

There is no doubt that at Sudbury matters were held in abeyance from January 1955 until the spring of 1956. For this several considerations were advanced. The first was set forth in a letter dated December 7, 1955, from the then Mayor Landreville to Grey, in which the question of amalgamation was put forward as of the greatest importance, the extension of the area of Sudbury to embrace adjacent sections; whether Copper Cliff and International Nickel with its massive plant lay within what was in mind, is not too clear, though it seems to have been entertained by some of the expansion advocates. Such a step had undoubtedly been discussed as a desirable measure for Sudbury; but, as can easily be imagined, with a hostile attitude on the part of Copper Cliff and International Nickel, it would have been strongly resisted; and that it could be taken seriously as a plan to be accomplished before a franchise for gas would be granted by the City, particularly in view of such a consumer as International Nickel, and in what was becoming a situation of urgency, was simply not so; not to this day has the independence of Copper Cliff been affected. If Copper Cliff was not to be included in any such expansion then the relevance of International Nickel to a gas distribution in Sudbury does not appear to have been very significant.

Another reason, later suggested, was the relation between Sudbury and International Nickel as prospective consumers; it was urged that as only one lateral from North Bay would be authorized by the Fuel Board - a second obviously was ruled out - Sudbury could not choose its distributor before International Nickel had settled upon one; that Sudbury would have to accept the choice of International. This was a feeble basis for delay; each was acting in fact independently, and there was no real competition for distribution in that section: the accomplishments of NONG in its investigations and

the resources in technological and financial requirements to which it had access, were not attempted to be met by any other interests that had made themselves known by serious action.

International Nickel was concerned to avoid any action toward a distributing company that might be interpreted as coercing Sudbury in its choice. From the beginning NONG had demonstrated its capability for the work proposed, a fact early appreciated by Mayor Landreville; and once Sudbury had closed with NONG, the way was open for the conclusion of negotiations with International Nickel. Mayor Landreville gave the impression of holding out in order to learn first of International's intentions; but as there was no other company seriously considering a work entailing a lateral from North Bay - ultimately costing approximately six million dollars - that reason for delay bears the appearance of being no more than an excuse for holding aloof and later, as a means of easing his course into the urgency in the spring of 1956.

On this, evidence given by Justice Landreville in the Securities Commission, 1962, is of some interest.

Pa. 36 My best memory is that at no time was our contract hinging on Inco or Inco hinging on us. We were negotiating separately. I had nothing to do with International Nickel Company obviously, and, as a matter of fact, there was a bit of friction between International Nickel - we didn't get along too well with the Vice-President at that time.

In April or May (1956) I have no doubt that Mr. Farris paid several visits to the city. He, obviously, was intent on getting the gas franchise and I may point out to you that at no time, and this is to the best of my recollection subject to documentary proof to contradict me, no other company but Northern Ontario Natural Gas had made advances to our municipality to have its franchise.

p. 38

I cannot say it is my language but this letter (of December 7, 1955) reflects, from the events it mentions, my thoughts at the time. In short, speaking of reference to amalgamation of the area around Sudbury, that was definitely my political project. And the letter reflects my attitude that, of course, their company (NONG) having sixteen communities covered by franchises in northern Ontario had, so to speak, their foot in the door already insofar as we were concerned.

The route of Trans-Canada having finally been settled, there remained the questions of general engineering, economic feasibility and financing. Transmission of gas by pipe line through such a rugged country seems never before in Canada to have been tried out on such a scale; and without research on both that cost and the economics of conversion to gas as a fuel for industry as well as for space heating, the situation was somewhat uncertain until late in 1955. As an illustration of what was entailed, International Nickel, the largest individual user on the entire line, sent experts to the United States to investigate gas as a fuel in analogous industry; and only upon a favorable report had that company decided for gas. A year later the huge investment in bonds by the Metropolitan Life Insurance Company removed financial obstacles for both Trans-Canada and NONG and from then on the general advance of both works became rapid.

By the spring of 1956, most of the franchises had been granted and the final orders of the Fuel Board made, but in Sudbury little action had been taken. In early April the word was that NONG and International Nickel had reached agreement on a number of terms for a gas supply; if that had been one, any other legitimate reason for delay, except the terms of a franchise, had disappeared: yet it was only towards the end of April that a change became evident, a fact which the evidence of Hennessy, the City Engineer, and Kelly, the Solicitor, puts beyond doubt.

It is significant that on the 26th of that month, Farris had visited Sudbury, had met Mayor Landreville, and had been his dinner guest. On his return journey, next day, to Vancouver, from Malton Airport in Toronto, he had called up the office of NONG and had given the information that his trip to Sudbury had been "successful".

According to his own evidence, on or shortly before May 3 Mayor Landreville had received a phone call from the Right Hon. C.D. Howe, Minister of Trade and Commerce, urging that action be taken on NONG's application for a franchise. On this some remarks must be made. The suggestion of such a call was introduced by Justice Landreville before the Securities Commission, 1962:

pp. 136, Q. Now, apparently, to have gotten this far there must have
137 been some serious negotiations gone into. You must have gone into cases by this time, May 22nd, 1956 because, as we saw yesterday, the next thing, Board of Control, dealt with the by-law. Can you recall what transpired in or about this period?

A. My file is most complete as to this transaction and if there is a silence in there it simply was verbal negotiations between Mr. Farris and Mr. Kelly on the terms of that agreement.

Q. Somewhere along the line, if you recall the last thing we looked at in the Minutes, "let us wait and see". Remember the Trans-Canada letter.

A. I would hate to say something that is in the back of my mind in fear that it would be a gross inaccuracy and non-existing but six years later, close to six years later, I am under the impression I got a telephone call from Mr. C.D. Howe impressing on me the necessity to attend to this matter. I have that impression along with all the preamble I have made in that respect because somebody of importance impressed on me this was an urgent matter and that is why we got to work on it. Mr. Kelly and Mr. Farris then got to work on the agreement.

The examination before the Commission followed generally a chronological order and it would seem that if such a phone call took place it was most probably between April 20 and May 2.

Here are references to this made by the Justice at the trial of Farris for perjury, 1964:

pp. 672, A. Yes, and then there is something -- because, on May 4th,
673, I received a telephone call -- of May 3rd or 4th, from
674 C.D. Howe.

Q. He was the Right Honourable C.D. Howe who at that time
was the Minister of Trade and Commerce, I think?

A. Trade and Commerce.

Q. Yes?

A. And Mr. Howe expressed a great deal of concern why we
were delaying. It appeared that all the other municipal-
ties had signed up, and what was the hold-up in our case.

Q. I see.

A. And he impressed upon me -- and correspondence in con-
nection with this --

Q. I don't think you need read it. Some pressure was brought
to bear on you from higher up?

A. It was with Northern Ontario Natural Gas because the
credit of Trans-Canada Pipeline was affected if they
couldn't get the Sudbury area, and secondly, there were
some pressures exercised that the line would go south
to the United States.

Q. So Mr. Howe was concerned that the line should be an
All-Canadian line, and in order to carry that out was
concerned that they should have distribution throughout
Northern Ontario, is that it, sir?

A. Exactly. So he wrote, I have a copy of his letter here.

Q. Unless you think it important?

A. No, but he stresses it.

Q. Stressing the importance of early action on the part of
Sudbury. And then what action was taken, sir?

A. And I replied to him that we had had there on the 4th
first and second reading of that by-law and that it would
not be delayed, and I sent him a telegram to that effect.

Q. Saying that you would push it through. So that you were
subject, sir, to really three kinds of pressure, pressure
from the federal government, some pressure from the
provincial government, and in a sense pressure from INCO
Nickel itself, is that right, sir? At least, you were
subject at all times to decisions Nickel might make?

A. Definitely, we were waiting for that. Now, I sent a
wire to C.D. Howe, and the purport of it is in my file.

At this time, shortly before and after May 1, events were crowding
each other and as Farris was in Ontario between April 23 and 27 and was
deeply concerned about concluding franchises it would not be strange if he
had been in touch with the Minister either by phone or personally in Ottawa.

In any event, the only correspondence produced between Mayor Landreville and the Minister was the telegram and the letter acknowledging it.

In a statement issued on November 21, 1955, by Trans-Canada, a full account of gas policy and agreement with the Dominion Government is given; an agreement by that time had been signed and contained terms that would later be submitted to Parliament. For the purposes here the significant item is the announcement that Trans-Canada was given until May 1, 1956, to demonstrate to the satisfaction of the Governments of Canada and Ontario that it had arranged for finances and commitments to carry through its construction program. This having been demonstrated, the Crown Corporation was to build the line from the Manitoba boundary east to Kapuskasing.

That circumstance adds to the factors generating the pressure between April 20 and May 1 at Sudbury: the "commitment" including franchises, supporting the financing of Trans-Canada, served indirectly to support that of NONG; and the visit of Farris to Sudbury on April 26 is thus seen in better perspective. Other than the evidence quoted, we have no direct proof to verify or negative the fact of such a phone call. Farris himself might have suggested the telegram to the Minister and his reference to it in his letter of May 8 tends to bear that out.

The telegram and the letters to and from Farris and from the Minister were as follows:

CANADIAN NATIONAL TELEGRAPHS

Sudbury, May 3, 1956

To: Honourable C.D. Howe,
Care of or Apt. No. Minister of Trade & Commerce,
Street and No. Parliament Buildings,
Place Ottawa, Canada.

Pleased to advise Board of Control approved Gas Contract
to be signed with Northern Ontario Company. First and
Second Readings Bylaw expected to be made next Tuesday
Council meeting. Assured by Inco Officials it will
contract with same Company forthwith after our Readings.
Citizens and Industry greatly anxious for project to
materialize. We feel best part of this Country namely
Northern Ontario will remain undeveloped unless this
low cost fuel available to us. Without the North this
Country has no future.

L.A. Landreville-Mayor of Sudbury

The letter from Mayor Landreville to Farris:

May 3, 1956

Mr. Ralph K. Farris,
Room 509 - Credit Foncier Building,
850 Hastings Street,
Vancouver, B.C.

Dear Ralph:

I give you herewith copy of telegram I have
sent to Mr. Howe this morning prior to the
meeting re Trans-Canada Pipe Lines. I may
presume this move on our part will not dis-
please you.

I was speaking to Mr. Gray this morning and
informed him of this.

Yours very truly,

LAL/bh.

Mayor.

The letter from the Minister to the Mayor:

Minister of Trade and Commerce
Canada

Ottawa May 4th, 1956

Dear Mr. Mayor:

Thanks for your wire of May 3rd, to let me know that your Board of Control has approved a gas contract with Northern Ontario Company.

This assurance is doubly welcome, as it will enable Trans-Canada to add the Nickel Company load as well. I trust that there will be no delay in signing your contract, after final approval is obtained.

I agree with you that the coming of natural gas to Northern Ontario will be the greatest stimulant to expansion of industry in that area. Low-cost fuel in an area where present fuel costs are high means everything. I am doing my best to speed up the pipeline project, believing it to be of tremendous importance, particularly to Central Canada.

Yours sincerely,

CD Howe

His Worship Mayor L.A. Landreville,
Sudbury, Ontario.

And the letter from Farris to the Mayor:

Ground Floor, Petroleum Building,
Calgary, Alberta.

May 8, 1956

Mr. L.A. Landreville, Q.C.,
Mayor,
City of Sudbury,
Ontario, Canada.

Dear Leo:

Thank you for your letter of May 3rd and the very welcome wire attached thereto, also your friendly note.

Your timing on the telegram to Mr. Howe could not have been better. Certification of gas loads of this size is what is necessary to put the all-Canadian line over, and Mr. Howe must be greatly appreciative of your action. Needless to say, Northern Ontario Natural Gas Company is equally so.

No threats, friendly or otherwise, are necessary to get me back to Sudbury. I must spend a few days at the Lake head, and following that I am looking forward to my next trip to Sudbury. As you say, we have important things to discuss.

Please remember me to Mrs. Landreville.

Best regards.

RKF:k

Ralph

Ralph K. Farris.

The telegram was sent on the morning of May 3; it contained no reference to any previous communication; a meeting of the Board of Control was held at 3.30 in the afternoon of that day, which may explain the reference in the letter of May 3 to Farris: "prior to the meeting re Trans-Canada Pipe Line". Then the sentence: "I presume this move on our part will not displease you" sheds some light on the interpretation of the telegram. The statement that the Board "had approved" the contract was thus anticipatory and what that leaves us to conclude is that the Mayor had assured himself of the approval of the franchise by the members of the Board before both the telegram and the meeting. What the Board did on that occasion was to recommend the first and second readings of the by-law to the Council. The tenor of the telegram seems to be that of an initial communication, and from the letter to Farris it appears to have been the result of a discussion with him, which again takes us back to the visit on April 26. On February 14, Trans-Canada had written the Mayor urging action but nothing important seems to have eventuated until that visit. By May 2, the Mayor was riding high in support; the prior "abeyance" had come to an end; the statement by Farris that the trip had been successful was confirmed.

Following on the heels of these events, on May 3 Kelly sent a draft of the franchise agreement to the Mayor and Council; the Mayor on that day had sent a copy of the telegram to Farris with which was enclosed a personal

note to be mentioned later; a copy likewise was sent to Grey. The Board of Control, on May 3, recommended that a by-law authorizing a grant of franchise to NONG be placed before the Council at a meeting to be held on May 12 but for some reason that did not take place. A meeting of the Board on May 17, however, set May 22 as the date for taking action, and at the meeting on that day the first and second readings of a by-law providing for the franchise were passed by the Council. On June 7, the Fuel Board held a meeting in the Public Library of Sudbury, at which an order was made dispensing with the necessity of a plebiscite on the proposed by-law.

What remained were the third reading, the approval of the terms of the franchise, and a final order by the Fuel Board covering convenience and necessity. It seems to have been more or less understood that the by-law would be brought before the Council for third reading on June 19. In anticipation of this NONG had made an application to the Fuel Board for a hearing in Toronto on June 21, at which all remaining matters except possibly the final order would be settled. On June 19, however, the City Solicitor had submitted to each member of the Council a letter of some length, in which he urged that the third reading be delayed to enable him to study the agreement more fully and to introduce such changes or new terms as further consideration might dictate. The Council thereupon stood the question over. In the absence of the third reading, the Fuel Board could not on June 21 issue a final order; but it did hear what the representatives of NONG had to say on feasibility and agreed to allow cross-examination of the witnesses by the City Solicitor when the third reading had taken place.

At the City's request, the Chairman of the Fuel Board agreed to return to Sudbury to explain in further detail to the Council the jurisdiction

of the Board over franchises, and to discuss certain recommended terms of the agreement, and this he did at a meeting of the Council on July 3. Following that another suggestion was made by the Solicitor, that the distribution in Sudbury be committed to a subsidiary of NONG. To avoid further delay, Farris agreed to give a letter undertaking to carry out such an arrangement should the City ultimately insist upon making it a term of the franchise, and a letter to that effect was sent to Council by him under date of June 10. Certain suggested minor changes were dealt with about that time by the Fuel Board, and on July 16 approval of the agreement, except the matter of the subsidiary distributor, was communicated to Council. On July 17, the third reading of the by-law was passed by a vote of 7 to 3, with the Mayor, as was the general practice, not voting. The agreement, conferring the franchise dated June 18, was signed on behalf of the City and, under date of July 20, was returned executed by the Company.

The collateral undertaking was made the subject of examination by representatives of Sudbury, the Solicitor Kelly and the Auditor Jones, and the Fuel Board, the result of which was a report that such a feature would be of no benefit to the City, in which the Council concurred. Following this, the final order of the Fuel Board declaring the convenience and necessity of the franchise was made on August 15.

We come now to the examination of the matter of the acquisition by Justice Landreville of 7,500 shares of stock in NONG and his participation in several proceedings in which that matter was directly or indirectly brought in issue. First is the receipt by Mayor Landreville of a letter dated July 20, 1956, from NONG at Toronto, signed by Farris and Clark, as signatories for the Company, which reads:

Toronto, Ontario
July 20th, 1956

Mr. L.A. Landreville
250 Elm Street West
Sudbury, Ontario.

Dear Mr. Landreville:

You have recently expressed an interest in our company indicating that when free to do so you would like to assist us in some capacity, particularly with reference to representing us as we face the many problems ahead of us in the Sudbury area and Northern Ontario generally. You have indicated your faith and interest in us by expressing also a desire to purchase stock in our company. We greatly appreciate this twofold approbation of us by you.

At a director's meeting held the 18th of July following a shareholders' meeting on the 17th, your participation in our company was discussed. The shareholders' meeting had approved a change in capital whereby the authorized capital was increased to 2,000,000 shares and the outstanding shares split five for one to bring the total issued shares to approximately 660,000. The directors resolved to offer existing shareholders the right to subscribe for 40,000 additional shares of the "new" stock at a price of \$2.50 per share.

At the same time it was resolved to offer you 10,000 shares at the same price of \$2.50 per share. This offer is firm until July 18th, 1957. Should you wish to purchase portions of these shares at different times that will be in order.

At your convenience and when you are free to do so we would welcome the opportunity to discuss our relationship for the future in greater detail.

Yours truly,

NORTHERN ONTARIO NATURAL GAS COMPANY LIMITED

Ralph K. Farris, President
C. Spencer Clark,
Executive Vice-President

July 20 was the day on which the franchise agreement was signed and returned to Sudbury by NONG: it was three days after the third reading of the by-law and two days after the date of the agreement, but it was three weeks

prior to the final order. Before analysing this letter, the reply to it, dated July 30, should be shown:

Sudbury, Ontario
July 30th, 1956

Mr. Ralph K. Farris, President,
Northern Ontario Natural Gas Co. Ltd.,
2308-44 King Street, West,
TORONTO, Ontario

Dear Mr. Farris:

I have your very kind letter of July 20th at hand.

I fully appreciate the advantages of the offer you outline to me and I fully intend to exercise this option before July 18th, 1957.

There is the additional question of the personal interest I will devote to your Company in Northern Ontario. While all the management questions may be at problematic stage in your Company, I would like to assure you of my interest in promoting the welfare of your Company in the time to come.

My present Office, as Mayor, does not permit me to a definite committal but in the course of the months following January next, I feel sure we may sit down and see if your Company and I have something which we could exchange to our mutual benefit.

Yours very truly,

LAL:LMG

L.A. Landreville

Consequences associated with these documents, in the light of subsequent events, exhibit a course of action of the utmost importance to this inquiry. In his testimony before the Securities Commission, 1962, Justice Landreville made the following statement of his understanding of the effect of the letters:

p. 12 Q. Do I gather you advanced no money to this transaction but the stock was paid for through the sale of 2,500 shares at \$10 a share?

A. That is true except for my letter of committal and my word to Mr. Farris. I considered myself bound to pay and I considered the company bound to sell and, I may add, in 1956 I was in a financial position to purchase, to make a purchase of \$25,000. I could easily have arranged for the bank loan, if need be, because I had substantial investments.

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p. 78 Q. This morning you spoke about having committed yourself to buy this stock -- perhaps, before touching on that -- Exhibit 3 is an option, I think you have explained this in a different way, but I will put the question to you this way: What consideration was there to Northern for the granting of this option, that is this document Exhibit 3?

A. For the offer made to me there was no consideration.

Q. No consideration?

A. Absolutely none.

Q. Then you spoke, this morning, about having committed yourself to purchase that stock: In what way do you feel you had committed yourself?

A. By my answer which followed July 30 and by my subsequent conversation with Mr. Farris and by my word of mouth in that commitment and had the stock gone down I would have paid for it because I considered myself bound.

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p. 79 Q. And the kind of thing you hoped to do for the company was, you or your firm, to act for them?

A. Yes.

Like statements were made at the other hearings.

In a legal aspect the proposal of July 20, assuming it to be a legitimate document expressing a business intention, is at most a mere distributive promise which until accepted by the payment of the price of the whole, or from time to time, of a part of the shares mentioned, remained revocable at any time by the Company. The letters bound neither party to anything until an act of contractual acceptance was made by Justice Landreville to the Company, an event which never happened: Justice Landreville and NONG remained so far as free as if the letters had not been written.

If no change of status had occurred to Mayor Landreville, NONG, in all probability would have gone through with the transfer of shares in the same manner as actually took place; but that was not what the language of the letter contemplated, which was a request to the Company for an allotment. The Company might, in addition and for subordinate purposes, have availed itself from time to time of legal services of Mayor Landreville; but that the delivery of shares was not in any degree conditioned on any obligation on his part to give services, is made apparent by the results of an unexpected event which intervened.

On August 26, the late Mr. Justice Chevrier of the Supreme Court of Ontario died. He had been appointed in 1951. At that time Mayor Landreville's name had been prominently mentioned as a possible appointee and for the new vacancy his name re-appeared as that of the likely choice; and so it proved. On September 14, 1956, his appointment was announced, to take effect on October 10, and on October 12 he was sworn in.

This disposed of any idea of future engagement with the Company, but did that affect the matter of the shares? Here is his letter to Farris:

Sudbury, Ontario
September 19th, 1956

Mr. Ralph K. Farris, President,
Northern Ontario Natural Gas Co. Ltd.,
44 King Street, W., Suite 2308,
TORONTO, Ontario.

My dear Ralph:

On the early morning of Tuesday following our meeting in North Bay, I was in conversation with the Minister of Justice and some other high official. I made my decision - I accepted.

After the dilemma of whether to have my appendix out or not, the dilemma of remaining a bachelor and happy or get married - this was the biggest dilemma! I feel that given

three or four years and with my ambition, I would have squeezed you out of the Presidency of your Company - now I have chosen to be put on the shelf of this all-inspiring, (sic) unapproachable, staid class of people called Judges - what a decision! However, right or wrong, I will stick to it and do the best I can.

I want to assure you that my interest in your Company, outwardly aloof, will, nevertheless, remain active. I am keeping your letter of July 20th carefully in my file.

Sincerely,

LAL:lmg

Leo

This was answered as follows:

October 1st, 1956.

Mr. L.A. Landreville, Q.C.,
Landreville, Hawkins & Gratton,
22 Elm Street East,
SUDBURY, Ontario.

Dear Leo:

Please accept my congratulations on your appointment to the Ontario Supreme Court. I know that your decision was not an easy one and those of us who have learned to appreciate your many facets will understand what a difficult decision it was. There can be no question as to the wisdom of the appointment and I hope that time will show that there was equal wisdom in its acceptance.

I am hoping to see you in a few days in either Ottawa or Sudbury where perhaps before your status becomes more formal we can have a toast or something together.

Best regards.

Ralph

RKF:smh

There is not in that letter or reply a word on the failure or the elimination of a possible engagement of services, but Justice Landreville in his last paragraph makes clear his continued expectation of the shares. That fact should put an end to any notion that they were contractually or otherwise linked to services; he was holding the letter of July 20 closely, a bare promise in writing, which seemed to him to give it more strength than if it

had been oral. As appears later, there was another possible purpose for which the letters of July 20 and 30 might have been considered to be of use: to give contractual appearance to a non-contractual acquisition. The reference in the first of these to a meeting of the directors of NONG on July 18 is untrue; there is no record of such a meeting; and both Farris and Clark, in evidence, admitted that they could recall nothing of it. What should be noted in the reply are the congratulations and the absence of any reference to the previously foreshadowed association of the Justice with NONG.

Attached to the letter of July 30 was found a short memorandum in Justice Landreville's handwriting. On this he gave the following testimony before the Securities Commission in 1962:

p. 7 It was written at the time and I leave it attached to the document and this speaks for itself. It is dated October 8, 1956, and I will read it to you, Mr. Chairman: 'Farris asked me if I wanted the shares now that I am on the Bench and I told him yes and I would take all of them and to inform the broker and I would pay for a good block of them in a couple of months and send a cheque to Continental'.

Later the question was raised whether it was a personal conversation or one over the telephone, but it makes little difference which it was. From his testimony on this topic before the Securities Commission, before the magistrate on the preliminary hearing of the charge of perjury in 1963 and on the trial in 1964, the following excerpts are taken:

Securi- A. I resigned as of the end of September; I advised council, I
ties Com- would not act any further and therefore, on October 10th I
mmission, was sworn in.

1962, In that fall there was little much to do except for re-
p. 9 ceiving a message. I am not too sure whether I met -- I see from my notebook that on October 8 I was in Sudbury. I don't know whether I met -- he was in this end of the country and it was at that time that he asked me, as pointed out on this memo, as pointed out on Exhibit 4A, whether I still wanted the shares and having pointed out I still wanted them and it was my intention to hang on to the shares. There was a lull

in November and December, I was rather busy moving to Toronto and getting installed in a new routine and as my diary indicates to me, started to travel around the province in Courts.

Preliminary Inquiry pp. 117,
118 Q. And this note in your own handwriting is: 'October 8/56. It says: 'Farris asked me if I wanted to ... wanted the shares now that I am on the Bench and I told him yes I would take all of them so ...'.

A. 'And so ...'.

Q. 'to so inform the broker'

A. 'to so inform the broker'.

Q. 'And I would pay for a good block of them in a couple of months and send a cheque to Continental'.

And it's initialled 'L'. Is that your initial?

A. Yes.

Q. And it's Continental. By that do you mean Continental Investment Company - Corporation?

A. Well, that name came to me - this note is dated October the 8th and so far as my memory is concerned, it was in the fall of October - well, whether that was written on the very same day, I cannot say.

Q. Well sir, the information you've given this note, is that correct?

A. Yes, it is.

Q. So therefore Farris asked you if you wanted the shares and you said yes;

A. I told him I would take the shares.

Preliminary Inquiry pp. 112,
113 A. Regarding, first of all, congratulations that he was offering me and there were a few words mentioned concerning the stock that was under option. Obviously that stock was tendered to me as an offer because subsequent to all our dealings in the city of Sudbury pertaining to the franchise, I am the one that approached Mr. Farris and indicated to him my interest in his company, and that the following year I would not be Mayor as I had committed myself not to run, and it was in late '56 that we had this brief conversation. So far as I can recall it was on the telephone which I said that I was still interested in getting this stock. From that time on, I did not communicate with Mr. Farris nor did he communicate with me. In late '56 or the half year of '57 he was in Vancouver and I was busy at work for the province, and that's as far as I can go now.

Q. Well then to your knowledge, did Mr. Farris know of the receipt by you of this block of 7,500 shares from Convesto?

A. I do not know that. He never informed me that he knew that I had received stock, because I'm under the impression, as faulty as ones memory may be, that I communicated directly

with Continental Investment and had no more dealings with Mr. Farris following that time.

Q. After receipt of the shares, did you have any discussion with Mr. Farris concerning the receipt of the shares?

A. I don't recall of any conversation I've had with him following that. I must say that that is 1957 and I doubt that I've seen Mr. Farris nor spoken to him more than twice in all those years as we simply don't happen to be in the same city at the same time.

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Perjury
Trial
pp. 688,
689

Q. In any event, he called you to congratulate you on your appointment?

A. That is true.

Q. And during the course of the conversation he said to you, "Are you still interested in buying the shares?", and you said to him, "Can I still have the shares?"

A. Yes.

Q. And some mention was made of the 10,000 shares that you would have got if you had stayed in practice and would have been able to go with the company?

A. That is true and, mind you, at that date I had no knowledge, and no one I am sure had any knowledge, that the stock would be increasing in price.

Q. I was going to come to that. In September and October the stock, as far as you know, was still no bargain at \$2.50?

A. Correct.

Q. I am looking at a note you put on the original which says, "Farris asked me if I wanted shares now I was on the Bench and I told him yes, I would take all of them, and to so inform the broker and I would pay for all of them in a couple of months and send a cheque to Continental."

Now, from that it must have been to your knowledge that Continental was the broker handling the transaction?

A. It would seem so to me.

Q. From that time on you dealt only with Continental and had no dealings whatever with Mr. Farris?

A. I had that one dealing with Continental and none with Mr. Farris.

Q. None at all with Mr. Farris?

A. None at all.

In explaining the circumstances leading to the letter of July 20, Justice Landreville stated that within the first two weeks of July 1956, in view of what had taken place before the Fuel Board, that is, that the terms of the franchise had in substance been approved on June 21, he had felt free to propose a purchase of stock from the Company. By that time, after no more

than four months acquaintance through scattered meetings, he seemingly felt a mutuality of understanding between himself and Farris, an instinctive recognition apparently by each of an identity of outlook, attitude and interest, an "affinity" as he put it to this Commission, sufficient to permit such a suggestion to be made. In his examination before the Securities Commission, 1962, he spoke thus of this relation:

pp. 63,
65 And, lastly, I had acquired, through these numerous contacts and interviews with Mr. Farris and some of his officers, a relationship that was more than a simple business relationship. It gradually evolved into a semi-familiar friendship.

And, those are the reasons you asked me for my buying the stock.

Q. Not for buying it but why this option was offered at all. Let us pursue one or two of these points. You say this relationship between yourself and Mr. Farris had been nurtured to something in the order of friendship by this time, July 1956; for instance, were you on familiar first-name basis by this time?

A. I would say I am on familiar first-name basis with many people after I have known them a short time.

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Q. Am I of the understanding this (?), that (what) had been a business relationship, by May 1956, had ripened to the state, how shall I put it, mutual respect and admiration?

A. I think you are putting it very correctly. I may tell you I had grown to respect and admire Mr. Farris, and believed him implicitly and trust him, as I do still today. But, when we came to deal with the City matters, nevertheless, at all times, I have never conceded to him any point that I thought was worthwhile or of value because of our friendship and that has not stood in the way and I can quite prove all that, if you wish, if I may.

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pp. 121,
122 A. Mr. Chairman, my frank answer is I cannot say, simply because if one asks another, how long have you known this fellow and you say, Oh, I have known him a long time, it is pretty difficult to say if you had known him ten years or 12 years but I am under the definite impression that I had met Farris following a visit of Grey in which it was, presumably, felt that Mr. Grey was making no headway and that is why the president showed up. I sort of brushed off Mr. Grey repeatedly. I recall an occasion when I was very busy and I said: "I am very grateful for your visit, Mr. Grey, and good-bye", and I ushered him out of the mayor's office.

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pp. 163, THE WITNESS: I would like to make the comment: In all human
164 activities there is the personal element. With some people you become friendly and attached and I am not hiding the fact that through all these negotiations from the start where it was on a strict acquaintance basis, it grew to a good acquaintance and from there it grew to friendship and to this day I can say that Mr. Farris is a friend of mine. Unfortunately, distances do not permit us to meet. I have not met Mr. Farris prior to this hearing. I have not discussed this matter with Mr. Farris.

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THE WITNESS: And, furthermore, I have not gone to the City of Sudbury to dig out any letter. You have the entire correspondence. I have not attempted to hide one iota of evidence in this case directly or indirectly; not only have the files been opened to you, my personal files, but my mind has been opened to you. Now, if it can be conceivable to you, Mr. Chairman, that I like Ralph Farris -- I think Mr. Farris is a straight forward man of gilt edge quality. That is my appreciation of him. I would have trusted him implicitly as I would have trusted a brother. And through our contacts there comes a personal element: In July, in those years, I have a summer camp in Sudbury. I invited him to my home because he was a man worthy of being invited and met my family and I had two boys and he has no boys and I have always felt there was an element there that he wanted to assist me in some measure, still on a business deal, no gift and when I asked him this, he said he would see what he could do. I mentioned the amount that I wanted and the details and then I paraded before his eyes, egotistically speaking, my value and contacts in Northern Ontario; that I could be useful in the following year and there was nothing more to this deal.

At the time we spoke of this, there was not one mention of the gas franchise, not one mention; there was not one mention of even the smallest favour that I would be binding myself to give to him in exchange for shares. It was simply on a personal basis.

In the meantime the third reading of the by-law remained outstanding, a fact which, with the letter of July 20 having been written almost before the ink on the franchise contract had dried, indicates a new direction of urgency. Justice Landreville is a man of action who admitted his impatience with a procrastinating Council; who acknowledged that there was nothing wishy-washy about his management of Council meetings or the City's affairs; and who seems to have

been equally impatiently concerned until he had had his friend's commitment on paper, a consummation which obviously he devoutly wished.

The words "firm promise" were said to carry for him an unbreakable obligation:

Securi- Q. I wonder why, in the face of that, you felt the company
ties Com- was obligated to go through with the option to you. As I
mission, see it, they granted this option, a special offer, a special
1962, consideration on the understanding you would be able to be
pp. 86, of some assistance to the company but that situation never
87,
88 A. That is a matter of law and I will let my lawyer speak.

MR. COX: I believe Mr. Justice Landreville stated this morning he felt the company was obligated to carry it out and, in view of the fact, after ceasing to be mayor of Sudbury, Mr. Landreville became a justice of the Supreme Court, the possibility of representing this company in a legal capacity was out of the question. Therefore, I just wondered why you felt the company had to go through with it.

A. And you are referring to the letter, Exhibit 28?
Q. That is the exercising of the option. I am not referring to the language of the letter but to the language in the letter of Exhibit 3, July 20.

A. What is it, again, the question escapes me.
Q. You stated this morning this company was obligated to sell this stock to you.

MR. BRAY: That you had committed yourself to buy and they to sell.
MR. COX: I was suggesting the offer to you was based on the

premise you would be of assistance to the company at some future time and that they suggested you have a meeting. This is not the language of the letter but they, "would welcome the opportunity to discuss our relationship of the future". From the wording of the letter this would be the reason for granting you the option and those conditions were never met. If I may use the word "conditions"; how, then, do you feel the company was obligated to sell you the stock?

A. I must admit your question is partly one of law and partly one of fact. Whether that document constitutes a binding offer or not, on the face of the document, I am not going to answer that. I felt the company was obligated to me because it consented to a firm offer and when the word "firm" is made to me, it is firm. Is the word "firm" in there?

Q. Yes.
A. When the words, "firm offer" are used, to me it means firm.
Q. The only other matter I would like to touch on, Mr. Justice Landreville, is the offer at \$2.50 a share. I think you will agree that is a special offer; it is not a special offer being made to the public at large.

A. You ask me retrospectively or do you ask me for my frame of mind at that time?

Q. I think the letter speaks for itself when it speaks of the shareholders' meeting authorizing a change of capitalization offering existing shareholders a right to subscribe for additional shares at \$2.50 a share. Then it goes on to say they are offering the same deal to yourself in the amount of 10,000 shares in the same price. That sounds to me as though it were a very special offer.

A. Let me explain to you there was not one person in Northern Ontario that was not anxious to buy gas stock right from the start and I have had, because I have disclosed I bought some stock, that I had a chance to get the stock, I had intimate friends, I had relatives, I had persons in high position, say, "Leo, will you see if you can get stock for us. Will you sell some of your stock to us." And, I can name persons. Simply because it was stock in excellent demand, there is no doubt about that.

A vital question arose out of his suggestion before the Securities Commission of a telephone message from Continental in Vancouver, the entire control and ownership of which was in John W. McGraw, who gave evidence both at the preliminary inquiry and the trial of the perjury charge. In 1957 many of NONG's shares were passed to Continental for sale, distribution or purchase. On January 17, 1957, a meeting of the Board of Directors of NONG was held in New York. Among the items dealt with was the previously mentioned allotment to Continental of 14,000 shares at the price of \$2.50.

The phone call was said to have been made in January or February 1957; that it conveyed to the Justice the fact that the price of NONG shares in Vancouver had reached \$10, and asked if 2,500 shares of "his" stock could be sold at that price to enable payment to be made for 10,000 shares at \$2.50, the amount mentioned in the letter of January 20.

By some means, in or prior to January 1957, he had become acquainted with the name "Continental". A telegram sent by Farris on January 22 to Toronto gives a clue to what would thereafter take place:

508 Credit Foncier Bldg.,
Vancouver, B.C.
January 22, 1957

Northern Ontario Natural Gas Co. Ltd.,
2308 - 44 King St. West,
Toronto, Ontario.

Attention:
Mrs. Leaman

Please find whereabouts of Mr. Justice Landreville
and advise so I can phone him. Regards

Ralph K. Farris.

/Charge: Charter Oil Co.

At this time Justice Landreville was holding Court at Welland.

Admittedly the Justice did not know McGraw or any person in the employ of Continental nor did McGraw know him. Whether up to that time, January 22, he had ever heard the name "Continental" or "Convesto" is doubtful. Before the Securities Commission, 1962, he gave the following evidence:

p. 3 Q. Have you ever received or been the holder of any shares of a company called Northern Ontario Gas Company Limited?

A. Yes.

Q. Can you tell us how many?

A. 10,000.

Q. What were the circumstances under which you received those shares?

A. There are two answers to that I could possibly give. When you use the word "circumstances" do you mean the immediate circumstances or the background?

Q. Anything you think is relevant to the transaction?

A. Anything that is relevant to the transaction.

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pp. 4,
5,
6 THE WITNESS: I will answer your questions. When you ask about the "circumstances" -- first, directly after the immediate circumstances then we will go into the background.

The immediate circumstance was that pursuant to my request and from discussion with Ralph K. Farris some time prior, a short time prior to the 15th of July, 1956 -- I am under the impression it was the second week of July or thereabouts -- I gave instructions and ordered some shares to be bought for me in Continental - Northern Ontario Gas.

Q. Just to clarify that: Mr. Ralph K. Farris was at that time president of Northern Ontario?

A. Yes.

Q. Or NONG. As it is referred to?

A. Yes, and the shares were ordered for me at this time. And, I must, of course, preface this in your inquiry with the statement that my file here is only what I have been able to gather in the recent weeks or have accumulated since I am in Toronto. I am quoting from memory: I may have sent a direct order to Continental Investment ordering the shares after Mr. Farris told me where I could have bought some or Mr. Farris may have carried my message to Continental that I wanted 10,000 shares.

Q. The shares which you eventually received were received from a Vancouver brokerage house called Continental Investment, is that correct?

A. Yes.

Q. Just to clarify that, again --?

A. As a result of my request.

Q. Was there any specific amount discussed between you and Mr. Farris?

A. Yes, 10,000.

Q. And was there a price discussed?

A. Tentatively \$2.50 or \$2.40 or in that vicinity.

Q. So, you placed an order through Mr. Farris in the early part of July 1956?

A. I say through Mr. Farris or by a letter written to Continental because I then found out that Continental Investment Corporation was the firm who was handling the shares of the stock of that company and Mr. Farris so informed me that I could go there and inquire. However, I knew, or, at least, I suspected I may not be able to acquire shares unless Mr. Farris told the Investment Company who I was. And, I received here --.

Q. Had you ever done any business with Continental prior to this time?

A. No.

Q. You were not a client of that firm?

A. No, I was not a client of that firm, it was in Vancouver and to me it was just a name.

MR. COX:

Q. Your first knowledge of the firm came through Mr. Farris?

A. The first knowledge of the firm came through Mr. Farris and I would produce to you, Mr. Chairman, a letter which, not long after, I received from Northern Ontario Natural Gas Company Limited which speaks for itself.

MR. BRAY:

Q. You are producing a letter dated July 20, 1956 on the letter-head of Northern Ontario Natural Gas Company Limited addressed to yourself. You, of course, were the Mayor of Sudbury at this time?

A. At that time, I was.

Q. Is this your business address or home?

A. This is my home address but I have also an office address in the City.

Q. I am afraid I am not familiar with Sudbury streets so I do not know whether this is residential --?

A. Residential.

Q. This reflects an option granted to you by the directors of Northern at \$2.50 per share and it is a one year option, apparently, from July 18, 1957 -- 1956?

A. As of -- well, the letter speaks for itself. As of the date of the meeting, so says the letter.

His statement, taken as he puts it, involves this absurdity, that a person wholly unknown to a broker in Vancouver would send an order involving \$25,000 in such a casual manner, without the slightest reference to terms, without the advance of any money and with no arrangement made then or thereafter for carrying it out.

In July 1956 Continental had not in any way commenced to handle shares of NONG; till then the share issue had been dealt with privately and confined to certain persons and groups. McGraw may at this time have heard of NONG as a company, but he then knew nothing of Justice Landreville or of his having anything to do with shares in NONG. His company had not dealt with these shares until December 15, 1956, the first subscription entry being made on January 3, 1957. So far from credit being given to that statement of the Justice, it will appear to be an example of the irresponsible and not undesigned manner in which important incidents were treated by him in testimony.

The introduction of the name Continental becomes of further significance. Apart from the fact that no such letter was ever written by him to Continental nor was any such order ever placed, the occasion for these statements was, before this Commission, changed from between July 3 and 15, 1956, to September 10 at a dinner in North Bay. The date of his first acquaintance with the name might be so transferred in time, but what of the letter said to have been sent, and the order for shares? The letter disappears and with it the so-called order; it is not nor could it be seriously suggested that either followed the North Bay meeting.

What the evidence clearly indicates in respect of the acquisition of the shares is this: a conversation by telephone did take place between Farris and Justice Landreville on or about January 22, 1957, five days after the meeting in New York of the directors of NONG at which that allotment of 14,000 shares to Continental was made. By two pre-arranged letters sent by Continental to NONG, the first dated November 14, 1956, and the second January 28, 1957, but admittedly both written on the latter date, Continental requested the allotment already made to it on January 17, and enclosed a cheque for \$35,000 to cover the price at \$2.50 a share. These letters were as follows:

Vancouver, B.C.,
November 14, 1956

Northern Ontario Natural Gas Company Limited,
2308 Bank of Nova Scotia Building,
Toronto, Ontario.

Dear Sirs:

On behalf of clients we herewith apply for fourteen thousand shares in the Capital Stock of your Company at a price of two and a half dollars (\$2.50) per share.

We understand that this application will be acted on by the Directors and that we will be advised accordingly. If our application is accepted we will send our cheque in the amount of thirty-five thousand dollars and advise you at that time of the names and denominations in which we wish the shares to be registered.

Yours truly,
Continental Investment Corporation Ltd.,

JM:AH

John McGraw

Vancouver, B.C.,
January 28, 1957

Northern Ontario Natural Gas Company Limited,
2308 Bank of Nova Scotia Building,
Toronto, Ontario.

Dear Sirs:

Further to our letter of November 14th and yours of January 24th, we herewith purchase 14,000 shares in the capital stock of your company and enclose our cheque in the amount of \$35,000 in full payment thereof.

Please have the shares registered in the name of:

Convesto & Co. in denominations as follows:

20 x 500

20 x 200

Yours truly,
Continental Investment Corporation Ltd.,

JM:AH

John McGraw

It will be noticed that that of November 14 states the application is made for "clients"; and the inquiry by the Securities Commission of Ontario in 1958 was directed, among other matters, to discover the names of those clients. The question then put to Farris was whether he "was aware of the disposition" of those shares, and it was his answer that he was not on which a charge of perjury against him was based, and a conviction rendered: he had in fact given the instructions to whom they should go.

The significant sentence in that letter is "and advise you at that time of the names and denominations in which we want the shares to be registered". In the second letter the denominations were given but not the names; there is no document showing them and they were communicated by Farris to McGraw -- as the latter said -- about February 12, either by word of mouth or on a paper that has not been produced. This mode of handling the shares was characterized as a "cloak and dagger" style by counsel but its object is clear: to keep Justice Landreville's name as well as the names of other mayors, off the books of NONG.

Any doubt that the phone discussion took place about January 22 is resolved by a consideration of the circumstances associated with it. It would be an easy matter for the NONG office in Toronto on receipt of the telegram of that date to obtain information on the whereabouts of Justice Landreville, which in turn would be at once passed on to Farris. There is the fact that

the mode of allotment of January 17 was not what the letter of July 30 called for, that is, an application by Justice Landreville to the Company for shares; it was most natural that Farris should let Justice Landreville know what was being done; the latter's name was at any cost to be kept concealed, which the allotment to Continental secured; there had been the sending of the letter of July 20 by Farris addressed to Landreville's residence rather than to his law office; there was the denial by Farris under oath of knowledge of who the "clients" of Continental were; and there was the damning evidence of McGraw. These matters, all pointing to secrecy, exclude the possibility of the message having come from anyone except Farris. The instruction on how the shares were to be dealt with by Continental, including the names of the beneficiaries, outside of Farris and Clark and possibly the other two directors of NONG present at the meeting of January 17, was known to McGraw only, and his evidence, in this respect unchallenged, concludes the matter that no such message came from him or any member of his staff. The latter consists of not more than five in number, one a trader on the Vancouver stock exchange, the other the bookkeeper, and two or three stenographers, none of whom had the slightest authority to make any such call. Until the letter of February 12, 1957, went out from Continental's office directed to Justice Landreville, communication of any kind between that office and the Justice was unknown.

The information conveyed by Farris undoubtedly explained that 2,500 shares would be retained to represent the price of the 10,000 shares at \$2.50. The market at that time was very active; on February 12, shares were being sold at \$13.50 and before the spring had passed they had reached the maximum of \$28. In December 1956 NONG shares had sold at \$10, and in January and February NONG and Farris could confidently accept in the latter's private account a debit

at that price which would recoup the advance of \$35,000 made by Continental to NONG to the extent of the Landreville shares, \$25,000, and at the same time open to himself or NONG the profit over \$10 on the ultimate sale by him of the 2,500 Justice Landreville's evidence is negatived by the absence of any accounting of price or brokers' fees in respect of the shares. Moreover, the flat accounting at \$10 with nothing more, and the treatment of what was done as a special and not contractual item on the books of Continental, are inconsistent with any interpretation other than that now being given them.

The documents of July 20 and 30, both addressed and signed formally and not by "first" names, may be said to present a facade of apparent legitimacy; and had it not been for the unforeseen inclusion in the distribution of the 14,000 shares by Continental of the name "Smith", that of a man who happened at the time to be the Director of Brokers in Vancouver, in proceedings carried on by the Securities Board of British Columbia, evidence of the transaction with Justice Landreville might easily have passed, unsuspected, into oblivion. It may be unnecessary to add that it was the books of account of Continental and the evidence of McGraw that brought about the perjury conviction.

There is finally the testimony relating to the phone communication of January between Justice Landreville and Farris. In the inquiry by the Securities Commission of Ontario of 1958 the fact of such a message was unknown because Justice Landreville's name was not to be found on the books of NONG and no copy of the telegram was available in Ontario. Although the allotment to Continental had become known, the denial of Farris ruled out any advance towards the discovery of the "clients". In 1962, however, the situation had changed through evidence unearthed in British Columbia in the course of the investigation of stock dealings by Smith; and the examination of Justice Landreville became, then, possible:

Securi- A. At the beginning of January, thereabouts, I received informa-
ties Com- tion that the stock would be worth about \$10. That information
mission, came to me via a phone call from Continental.
1962

p. 10 Q. Do you know the name of the man you were speaking to?

A. I can't recall. I don't remember that part -- and even that
is vague. I say "Continental" because I cannot imagine it
could have come from any other source.

Q. Is it possible it could have come from Mr. Farris himself?

A. Not likely because I was a long time without seeing
Mr. Farris after my succession to the Bench and then
in February the letter of February 12 came to me and
I produce this letter here.

(This is an example of diverting the line of inquiry; the letter in fact contradicts what he has been attempting to convey).

p. 11 A. I don't know the date that sale took place. It was a blanket
order to sell some shares to recoup the investment and to pay
my debt.

Q. To whom was that order given?

A. Of course to me, it is taxing my memory, I am under the
impression the order was to Continental Investment, no one
else, to sell the shares to pay my debt.

Q. Now, on my instructions -- Mr. McGraw didn't speak to you
at any time?

A. I don't know Mr. McGraw.

Q. Never met --?

A. Never met Mr. McGraw.

Q. Never met Mr. McGraw?

A. Never met Mr. McGraw, to my knowledge never met him in
business, socially or phoned to him.

Q. To the best of your recollection did you ever speak to
Mr. McGraw on the telephone?

A. To the best of my recollection I did not speak to Mr. McGraw
on the telephone.

pp. 82, Q. And, if I understand your evidence correctly, you thought
83 you received a phone call from somebody from Continental's
office in or about this time, February of 1957?

A. Yes, maybe January or February -- January, more likely --
or February. This is purely from memory, you understand,
I cannot say.

Q. But you are quite definite it was not Ralph K. Farris that
phoned you?

A. It was not Ralph K. Farris.

Q. And it was not John McGraw, you said this morning?

A. I don't think so, otherwise I would remember.

Q. Do I gather it was this individual who suggested that the market for Northern being about \$10 per share -- I am talking now about the public market -- that you should sell 2,500 shares at \$10 to pay for the stock?

A. That was suggested, if I could clear up my account by selling some shares to pay them off, to which I said, yes, at \$10.

MR. COX:

Q. Who suggested that?

A. On this conversation with Continental.

MR. BRAY:

Q. This unidentified individual phoning on behalf of Continental?

MR. BRAY:

Q. On the books of Continental you do not appear as a purchaser on February 12, 1957, the day this stock was delivered out to you.

A. Sir, I cannot account for their books.

Q. But you do not have an account with them. You had no account to pay for up until February 12, 1957.

A. You well realize I am just relying on memory when I say January, it may be February. We dealt in those two months, January and February, but if there are documents to contradict it, well, I bow to the documents.

pp. 83,
84,
85

Q. Is it possible you left the whole of this transaction in Ralph Farris' hands and that there was no such telephone conversation?

A. To an extent I left it in Mr. Farris' hands, I had his confidence and he had my confidence, that was so, but I was informed that the stock was \$10, that was, definitely. They cleared it out that way, I cannot account for it.

Q. Did you ever give anyone any instructions to sell 2,500 shares at \$10 to pay for the stock?

A. I am tempted to say, definitely yes. Simply because, out of logic, as I told you, I have a recollection of being told on the phone it was \$10 and if it were \$10 and I paid \$2.50, or was charged \$2.50, to me, I would think that would be a considerable margin of profit. To affirm to you, positively, I gave an order, that I recollect in my mind saying, this is a firm order, -- in other words, that I could blame someone for not carrying out an order, that I cannot say.

Q. It is not a question of blame but was there such an order placed and, if so, by whom?

A. An order to sell?

Q. 2,500 at \$10.

A. My best answer, and my best recollection is I must have given that order because, to me, the margin of profit then would have been reasonable

Q. How would that order have been given; how, in writing or by phone or how?

A. I doubt that it would have been given in writing, it would have been given by phone.

Q. Do you know a man by the name of G. Kelly McLean, Gordon Kelly McLean?

A. I do not know that man. I may have met him, there are countless numbers of people I meet but I am not aware of it.

Q. Mr. McLean, at this time, was an employee with Northern. I wonder if you might have had any conversation with him at or about this time?

A. Mr. Chairman, I wish I could help you. You mentioned McLean -- McLean, it might have been McLean that spoke to me on the phone.

Q. But you have no recollection?

A. No, no recollection of a specific meeting with a man named McLean

Preliminary Inquiry Cross-examination by Defence Counsel pp. 114, 115

Q. Yes. And then sometime earlier in 1957, you had a telephone call from Vancouver and you believe it was from Continental Investment, is that right?

A. Of course after seven years, without using the benefit of after-acquired knowledge, I can say that according to my memory it was Continental.

Q. It was Continental. In any event, it was certainly not Mr. Farris.

A. It was not Mr. Farris, definitely.

Q. It was not Mr. Farris. And whoever it was called you said that the 10,000 shares had been acquired and asked if you wanted to sell 2,500 at the then price of \$10, is that correct?

A. That was the purport.

Q. Yes, that was the purpose of the call. And you authorized the sale of the 2,500, is that correct?

A. Yes.

Q. And that meant that you had the other 7,500 free, as the expression is in the brokerage business, that is your profit on the 2,500 paid for the 7,500 is that correct?

A. Exactly, yes.

Q. Yes, and then you instructed Continental to send the 2,500 - or 7,500, at least, either to you or to your broker, is that correct?

A. Well, as I - that is putting it in a very express way, but that would be the general purport of the result of that conversation.

Q. Yes. And the shares were sent either to you or to your broker pursuant to your direction?

A. Attached to that letter.

Perjury
Trial
Direct
Examina-
tion as
a Crown
Witness
pp. 633,
634,

Q. Now, the next that took place concerning this matter was what?
A. I know in the months following I haven't spoken to Farris. I went on with my new work about the province and I suspect that Mr. Farris was either in Vancouver or elsewhere and I never had an opportunity to have any conversation with Mr. Farris in the months following. I must say for the record that in the years following I haven't seen or met him more than a very few times, two or three times at most, but definitely I had no further communication with Mr. Farris from the fall of 1956 until the month of February, 1957, at which time I still didn't have any contact with him. In February, and this is strictly with eight years back memory, I am under the impression of having received a phone call from Vancouver informing me --
Q. Just a minute, the person from whom you got the phone call, it was not the accused?
A. No, it was a brokerage house.
Q. We won't go into any conversation you had with a brokerage house, but you did have a conversation?
A. Yes.
Q. As a result of that conversation what takes place next?
A. I am not certain of my instructions or what I did with the stock, but I received a letter from the Continental Investment Corporation. (The letter of February 12.)

pp. 642, A. Well, I have had conversations with someone in Continental Investments and I am not sure. Unfortunately, I have a bad memory for names and he might have said, "This is McGraw speaking." I am not sure; I can't say.
643 Q. You had contacts with the firm but whether you had contacts with McGraw you are not sure?
A. I am not sure.

pp. 644, Q. From October, 1956, to February, 1957, until you actually received the stock in the letter from Convesto --
645, A. Yes.
646 Q. -- did you have conversations with anybody concerning the stock that was coming to you, or not?
A. I did.
Q. With whom?
A. I can start off by excluding Farris. I know he did not communicate with me, and to the best of my recollection it was information given to me by the broker's office in Vancouver, that the stock was worth, then \$10.
Q. Yes?
A. And that is the conversation.
Q. Well, before you got the letter with the stock in it, did you know how much stock was going to be in the letter?
A. Well, you are going into my transaction and instructions, and my best recollection was simply to sell enough stock to pay for my debit account. So that I would get clear stock.

Q. To whom did you give those instructions?

A. To my recollection I gave that instruction to the broker when told it was worth \$10.

Q. Just one moment please. Now, was there anything further that you feel --

A. On that very point you are touching --

Q. -- that I should bring out, or not?

A. You see, it is one thing -- If I had a record of this, and I have been endeavouring to see if I have a record, I have no record to refresh my memory and I am just speaking from my best recollection.

Q. Quite.

A. I knew that the stock had risen all of a sudden to \$10. That was a surprise to me. I did what was commonly done in the business of a brokerage, whoever deals in stock, just sell enough stock to pay your debt and get the rest free.

Subsequent to that, the matter of February, I had no further conversation with Mr. Farris, except I may have met him many months later. I never communicated with him, even in '58 at the time of the inquiry which is known, or in '59.

Q. Well, then, when you instructed to sell the stock to your broker, did you get anything in the nature of a little confirmation slip saying that instructions were carried out and how much they had sold?

A. I may. I may have received such.

Q. Have you such a document?

A. No. I am quoting you, again, Mr. McCulloch, again from memory, that is all.

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p. 700 A. Let me make this clear. To the best of my recollection if Mr. McGraw gives evidence and he swears his memory is better than mine, and he is positive he never telephoned me, I will say that maybe Mr. McGraw is right. I will say that.

McGraw did not enter into the competition of memory, but he did say emphatically that no telephone communication had passed between his office and Justice Landreville.

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p. 699 Q. Someone from Continental informed you the price of the stock had skyrocketed and you were told to sell some.

A. Yes.

Q. Can you give us any better idea of the date?

A. I cannot, but it was not long before this letter of February 12.

Q. In which Convesto said they had sold the stock and were turning it over to you?

A. Yes. You are repeating constantly that it is difficult for somebody to call me from Continental and I want to make it clear this is my recollection. I was informed and I am not ready to swear that McGraw or anybody in his office were the ones who contacted me.

Present Q. Now, is that the first communication you had from Continental Commission Investment Corporation?

p. 1151 A. My memory as to what took place shortly prior to receiving a telephone call, and I am still under the impression -- I have stated before and I repeat it -- that somebody from a firm, and I have always taken that firm to be Continental Investment, did call me, telling me the shares were worth \$10. I am under the impression of giving instructions to sell enough to pay my account and to forward the balance. That is the impression. Now --

Q. Is that the full conversation, as you recall it --.

A. Just -- that was a brief conversation and that, to me, is the full conversation. There is no more.

Q. Did whoever that person was say they had 10,000 shares for you?

A. They said that they had 10,000 shares for me. They had that in my account and that I owed on the account. Well, I knew that.

Q. Did they tell you how much you owed on the account?

A. No. I was told the stock was worth \$10 and, quite frankly I was a little bit stunned because that was the first I heard of it.

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MR. MORROW:

p. 1153 Q. It is quite clear from Exhibit 27 that I just showed to you, Mr. McGraw wrote in the letter some time ago "we were instructed by Mr. Farris to purchase from your account -- we have as of this date sold 2,500 shares for your account --".

There is nothing that you instructed or anything of that kind. Is it possible that, in one of these discussions you had with Mr. Farris, that it was indicated that this type of transaction would take place and that the money would be obtained by selling part of the shares?

A. I don't recall discussing this with Mr. Farris. I repeat that, Farris didn't ask my permission. It wasn't Farris. I am adamant on this.

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Mr. Robinette in his oral submission had this to say:

pp. 1322, Now, one may say in relation to Mr. Landreville, why did
1323, Ralph Farris use all these -- if I may use the expression --
1324, cloak and dagger activities in connection with Convesto when he was dealing with the four mayors, but there is nothing to indicate that Justice Landreville knew about the technique that Ralph Farris was using.

THE COMMISSIONER: No. How do you explain the fact that Farris was anxious to get in touch with him, Mr. Justice Landreville, on the 22nd of January?

MR. ROBINETTE: Well, I don't know, sir.

THE COMMISSIONER: And remember how I put it to the Justice, that his memory might be faulty and that he did get that information from Farris and it is the most likely thing that could have happened.

MR. ROBINETTE: How he got the information that came from NONG?

THE COMMISSIONER: Yes.

MR. ROBINETTE: That the stock was coming from Convesto?

THE COMMISSIONER: That the stock was coming from --

MR. ROBINETTE: Well, that is possible.

THE COMMISSIONER: It seems to me the only probability because, I must say, I believe the statement of McGraw that he (Justice Landreville) had nothing to do with it; that he hadn't any and no one in his office had the slightest authority --

MR. ROBINETTE: I would be inclined to accept that.

THE COMMISSIONER: And therefore the most natural thing in the world to me would be that, under the circumstances, Farris communicated with the Justice and told him how things were going to be carried through and if there is nothing wrong with the transaction why wouldn't that be the proper thing to do?

MR. ROBINETTE: Well, that is maybe what occurred and there is nothing wrong with that.

In his virtual admission to be quoted later, that the message came from Farris, as the circumstances unquestionably show, the evidence of Justice Landreville given in the three hearings denying that fact though qualifying his denials, constitutes a serious contempt of the Commission and the Courts of Ontario including his own; his categorical "it was not Farris" implying, psychologically, a repressed affirmative, repeated, as it was, so many times, is conduct irresponsible and reprehensible. This characterization is justified by another answer given: his acquiescence in the suggestion of counsel before the Securities Commission 1962 that the phone message of January might have come from Kelly McLean, who at the time was in charge of the Toronto office of NONG. McLean besides not being a broker and not living in Vancouver, had not the remotest connection with such a matter, nor did he have the slightest knowledge of what was then being done in Vancouver; that name supplied merely

additional confusion to Justice Landreville's statements; it indicated his willingness to catch at any straw which would enable him to maintain the exclusion of Farris.

That he had been in communication with Farris in 1959 is indicated by the letter of January 20 of that year which is quoted on page 85 and in which the latter says: "I hope to be in Toronto on the 27 or 28 of January and I would like the opportunity to phone you that we can meet 'privately'". This date, January 20, is within 8 months of the examination of Farris by the Securities Commission in Toronto in May and June 1958. In that examination Farris had given evidence which, undoubtedly, it was felt necessary that the Justice should be made acquainted with - if that had not already taken place: whether there had been a meeting at the time of that enquiry does not clearly appear, though evidence quoted on pages 81 and 82 suggests that there had been some communication between them at that time; but it seems very likely that multiplying rumours of investigation were arising in both British Columbia and Ontario, and consistency between their accounts of transactions and relations was highly advisable. When, then, Farris expressed a desire to see the Justice "privately" we may take it, without a doubt, that such a meeting took place and that their discussion was of matters of importance to both, and of a "private" nature.

The minutes of the meeting of directors of NONG on January 17, 1957, at which Farris, Clark, Welters and Dickson were present, show the allotment

of 14,000 shares to Continental to have been brought up by Farris, the Chairman; he stated that a subscription for 14,000 shares, without par value at a price of \$2.50 a share, had been received from Convesto & Co. (Continental), Wall Building, Vancouver, B.C. He further advised the meeting that he expected payment in full for such shares to be made on January 28, 1957. After further discussion the motion was carried unanimously that: "14,000 without par value in the capital stock of the Company be and the same are hereby allotted to Convesto & Co.;" "the Board of Directors hereby fixes the sum of \$35,000.00 as the aggregate consideration for the issuance of the 14,000 shares. That the said shares be issued to Convesto & Co. as fully paid and non-assessable when payment for such shares has been received in full." This eliminates any doubt that the message came from Farris: Justice Landreville was defending Farris as well as himself, just as Farris conversely had done before the Commission of 1958.

What is headed "Subscription Account" in Continental books was opened in the entry of the 14,000 shares on January 28, 1957, by a debit charge of \$35,000.00. Prior to that time, although McGraw had discussed certain matters with Farris in November, no similar transaction in NONG stock had been put through that office. As already stated, the first trading item in that stock, one for 100 shares, appears on the books as of December 12, 1956, and was the only such item in December.

There may now be introduced bearing on the actual communication between Justice Landreville and Continental, two letters which were mentioned in the quoted testimony:

Vancouver, B.C.
February 12, 1957

Mr. Justice L.A. Landreville,
Osgoode Hall,
Toronto, Ontario.

Dear Sir:

Some time ago, we were instructed by Mr. R.K. Farris to purchase for your account, 10,000 shares of Northern Ontario Natural Gas Company Limited at \$2.50 per share. We have as of this date sold 2,500 shares for your account at \$10.00 per share which clears off the debit balance in your account.

You will find enclosed 7,500 shares of Northern Ontario Natural Gas Company Limited with stock receipt attached, which we ask you to sign and return to this office at your convenience.

Yours truly,
Continental Investment Corporation Ltd.
John McGraw

JM:AH

Osgoode Hall
Toronto 1.
Feb. 16th, 1957

Continental Investment Corporation,
Vancouver, B.C.

Dear Sirs:

Re: Northern Ontario Natural Gas Co.

I have received yours of the 12th with Stock Certificates enclosed for which I thank you. I am enclosing receipt for same.

Should I be of any assistance to your firm for the promotion and betterment of this company in Ontario, please do not hesitate to contact me.

Sincerely,
L.A. Landreville

So the story of the acquisition of the shares: the steps to their transfer were taken exclusively by Farris; Justice Landreville prior to the receipt of them had been advised by Farris of the manner in which they would

be handled. That fundamental link, the message to the Justice, is demonstrated conclusively to have been represented without regard to or belief in its truth, as having come from Continental.

Confusing statements by Justice Landreville appear in the account of two interviews by representatives of the Mounted Police which took place on September 11 and 12, 1962, at Toronto. Acting on instructions of the Attorney General of British Columbia, Sergeant Bates of Vancouver reported to the Chief Superintendent of "O" Division, Ontario, R.W. Wonnacott, now Assistant Commissioner "K" Division, Alberta, and explained his mission. On September 10, Wonnacott addressed a letter to Justice Landreville requesting an interview, which was acceded to for the following day. Wonnacott went along with Sergeant Bates as a senior officer to introduce the Sergeant to a Superior Court Justice, apart from which he had no interest in the interview. The account of the conversation given by the Sergeant was in substance confirmed by Wonnacott and was not seriously challenged in cross-examination. The first interview took place between 4.30 and 5.10 on the afternoon of September 11. Wonnacott explained his and the Sergeant's presence as concerned with an investigation being carried on in British Columbia and from that point Sergeant Bates took over. According to his account he stated to the Justice that in the course of the investigation the name of Justice Landreville had been found in Continental's books, which had been seized. At about this point the Sergeant gave the usual warning which he read from a card. A copy of the letter of February 12 from Continental and the original of that of February 16 in acknowledgment of the certificates, were then shown to the Justice, both of which he confirmed. Next, the Justice was asked when he had placed his order for shares in NONG to which he replied, in the words of Bates, "that sometime in 1956 he placed an order through an investment agent in Sudbury for stock". Asked for the name of that agent he replied: "it would have been one of two different agencies and he could not recall which one".

He stated also that he had mentioned the matter to Farris. Pressed for the name of the agent, because Bates' purpose was to follow any clue to finality, the Justice remarked that "perhaps he should turn on his tape-recorder so he would not be misquoted on some future date". Saying this, the Justice turned to a plug behind his desk and seemed just about to start the recorder when, in the Sergeant's language, "he had another thought"; stating that as it was apparent that Bates had prepared a series of questions which he had had time to consider, he (the Justice) thought he should be entitled to a similar time to consider his answers; he thereupon requested that Bates prepare his questions on paper and leave them in the letter-slot of the Justice's chambers by one o'clock in the afternoon of the following day, September 12; that he would examine them during his lunch break, answer them, and for the officers to return at 4.30 p.m. of September 12 to his chambers. This ended the first interview.

The questions were prepared and delivered the next morning as requested. At 4.30 that afternoon Wonnacott and Bates returned to the Justice's chambers and the interview was resumed. Justice Landreville then advised them that during a recess at the Court House he had heard a rumor that caused him to place a phone call to a person in the Attorney General's department, to ask if the Securities Commission Inquiry of 1958 had been re-opened, to which he did not expect a reply until the next day. At this moment the phone rang and when the conversation had ended, Justice Landreville turned and said: "Well, gentlemen, that's it; the Commission is re-opened as a result of information received from the Securities Commission of British Columbia. Therefore, under the circumstances I would be unwise to answer any further questions."

The questions put in writing were as follows:

1. Would you please advise whether or not you received 7,500 shares of Northern Ontario Natural Gas stock from Continental Investment Co., Vancouver, B.C. in February, 1957?
2. Would you please supply full details concerning your acquisition of these shares?
3. What is the approximate date they were ordered?
4. From whom did you order them?
5. What was the contract price?
6. To whom did you give instructions regarding the buy and sell?
7. How was the stock paid for?
8. Who gave the instructions as to how the stock was to be prepared and sent to you and why was it not registered in your name?
9. Why did you receive \$10 per share when selling 2,500 shares on February 12, 1957 when the price of that day was greater than \$10.00?
10. What prompted you to send the following quoted wire:

Ottawa Ont.
Feb. 28th, 1957

Mr. McGraw
Care Continental Investments
Phone Tatlow 2746 Vancouver

Regret shares already sold.

Mr. Justice Landreville.

11. Do you know Ralph K. Farris, President of the Northern Ontario Natural Gas Company?
12. Do you know John McGraw, President of Continental Investments, Vancouver, B.C.?
13. What period were you Mayor of Sudbury, Ontario?
14. What action did you take in your official capacity as Mayor, regarding the letting of the Gas Franchise to the Northern Ontario Natural Gas Company?

That occasion was the first on which Bates had ever been asked to or ever did put questions on paper, the reason for doing it here being the obvious one of the unusual position of the person questioned. Later in the course of a general conversation Justice Landreville said: "I could answer them but obviously I cannot because I will be called before the Commission. However, here is a partial answer to one question - I never used any influence over these franchises".

The meeting continued in a friendly manner. Justice Landreville asked Bates if he was aware that the Securities Commission of Ontario had foreknown of the British Columbia inquiry to which Bates replied that he was; if he was aware that the Ontario inquiry had been re-opened, to which he answered that he did not know it "as a fact". "Why", Justice Landreville asked, "did you warn me?" The question was answered to the effect that it was his practice to do so and "in this case as I didn't know who was going to be charged". Justice Landreville remarked that he had been sixteen years in government service for his country and that he intended to continue to do what he could for that country. Admittedly, he declared, he had exercised his influence (meaning to this Commission, legitimate influence) to enable NONG to obtain franchise from Sudbury and referred to the meeting in Toronto on November 14, 1954, called by the then Attorney General, already mentioned; he had held many conversations with two companies, NONG and Consumers Gas, "playing one against the other in an attempt to obtain the best possible deal for the community", (a circumstance which does not appear in any of the documents or evidence submitted to this Commission). He declared also that the "Commission" had been made aware of all of the particulars of his stock transactions with NONG as well as the Income Tax Department.

The only Commission to which this remark could at that time refer was the Securities Commission of Ontario; its hearings had taken place in May 1958, and for the last four years its work had been shelved for want of evidence to confirm any of the rumors then rampant in Ontario. The re-opening of hearings by the Commission did not come about until October 1962. As has already been stated, Justice Landreville was not called as a witness in 1958 because it was unknown, except by rumor, that he had had any dealing with NONG. He knew of

the hearings and yet maintained silence throughout and until he was brought into the inquiry of 1962 by subpoena. On a complaint by him in the course of his examination in 1962, that he had not been officially called for a statement, he was told that the Commission's hearings had been open to any person; there was cited the case of the Mayor of Huntsville whose name had been bandied about and who lost no time in appearing, indignantly denying any gift of shares as well as denouncing the unfounded suggestions; that that course was open to any person similarly the subject of rumors who was willing to disclose the details of his dealings. Another comment during the interview to be noticed was a reference to Farris, to the effect that "at one time he (Justice Landreville) and Farris had been bitter enemies, so bitter that they became friends and he had learned to respect Farris very much".

The time of the beginning of acquaintance between the two men cannot be fixed definitely, but it was between December 1955 and March 1956. The facts disclosed give no indication of or justification for any open "enemy" or "bitterness" relation except possibly the aloofness of Mayor Landreville from active participation in the earlier days of the proposed works, and until the latter part of March or the early part of April 1956, due, probably, to the fact that he was not until that time being courted by either Farris or Clark; Grey had been directed to Sudbury, but by the end of 1955 it was clear that he was making no headway and he was shifted elsewhere: the Justice's abstention from the two meetings in Kirkland Lake and his contemptuous reference to Kelly's report of the second meeting, as "stultifying", tend to that view. The words used in the interview were undoubtedly extravagance, to which the Justice was inclined.

He spoke also of what Farris had told him of the matter of financing the enterprise; that Canadians were unwilling to advance more than half the amount required, which would mean that recourse would have to be made to the United States market. He admitted a "purchase" of shares from NONG at \$2.50 a share, and asserted a purchase as well by the then Board of Control Chairman, Fabbro, who followed him as Mayor of Sudbury. He thought the offering was made to other Council members, "some of whom bought and some didn't probably because they didn't have the money to do so".

This reference to Fabbro and Council members relates to the public offering of units already mentioned which consisted of a debenture for \$20 plus 1 share of common stock, a limited number of which were to be sold to select groups at \$30 a unit. That issue was made in June 1957, but before it was opened to the public the underwriters were furnished with lists of preferred persons to whom offers would be made at that price. For example, Fabbro, while Mayor, acquired 1,650 of these units, and, in much smaller numbers, the distribution included members of the Board of Control, of the City Council and prominent citizens in general, in all about 43 persons in Sudbury and amounting to about 11,100. Similar preferred sales were made at other points along the route of the pipe line. Not all the offers were accepted and probably many of the rights were transferred to others. The significance of this is that on the opening of the issue to the public the price leaped as high as \$45 within a matter of days.

In the course of his testimony before this Commission, Justice Landre-ville petulantly declared that he "had not even read the questions" because he had not been told of the re-opening of the investigation. But he did not learn that definitely until the phone message during the second interview, over four

hours after he had received the written list. I have little doubt that he had read them: for one thing his native curiosity was too strong to leave them unnoticed; the reports and testimony of the Mounted Police had raised his gorge at such a requital for his meeting them, as it were, on a red carpet.

The interview was concluded with Justice Landreville's suggestion that he would write Bates a letter "to verify the fact of the interview"; this he did under date of September 14, as follows:

Toronto 1
September 14th, 1962

Sergeant A.R. Bates
c/o R.W. Wonnacott
Commanding "C" Division
3 Sullivan St. TORONTO, Ont.

Dear Sir:-

This will acknowledge that you were in my office on September 12th last pursuant to your request for an interview. The purpose of your visit was to question me on matters pertaining to Northern Ontario Natural Gas Co.

Obviously from belief and occupation I am most anxious to co-operate with all government agencies and I have told you so. You informed me you were acting on behalf of the B.C. Securities Commission and led me to believe that the enquiry had nothing personal import.

When you gave me "The Warning" usually given to persons who may be charged with some offence, you well appreciate my concern was not any longer that of a person assisting administration of justice, but that of a suspect and prospective accused. My role changed and because of my office, for which I have high respect, I informed you I would not answer questions. And I went at some length to explain. I take it that my reasons were patent enough as Mr. Wonna-cott stated he could understand my position and my silence could be expected.

You failed to disclose to me and I found out accidentally between our first and second meeting, that the A.G. of this Province has made an Order for investigation of this company last August. I was out of the country at the time and was not aware of it. If you will recall a Royal Commission in Ontario enquired into this company's affairs some four years ago. It was instigated by certain politicians and it is my opinion the whole question is one of politics or politically inspired. In that field the ethics of my occupation forbid me to enter.

Please do not misinterpret my refusal to answer your questions. I would much rather do so and put an end to unfounded attacks against me and other innocent parties.

Yours sincerely,

L.A. Landreville.

The reference to "personal import" should not be disregarded: the questions asked had to do only with matters disclosed in a brokers office in British Columbia, and Justice Landreville's name had appeared in documents there seized. Certainly he was personally affected by those matters. The questions showed the limited scope of British Columbia's interest and Justice Landreville was aware of this before the second discussion; what his ranging complaint does is to reveal an apprehensive mind, anxious to defend conduct among other things by irrelevances.

Bates had prepared notes of the interviews in the evenings of the days on which they had taken place; Wonnacott had written his notes on September 17, the day on which Justice Landreville's letter of the 14th had been received. The interviews with, and the putting of questions to, a Justice of a Superior Court were unprecedented, a fact which would obviously leave in the minds of both officers a more than ordinary impression of what was said. Wonnacott mentions a statement to the effect that all matters relating to the purchase of shares had been given to the Commission "some years ago": and that he had explained all transactions and dealings to the National Revenue people and had satisfied all concerned that there were no irregularities. He went on to mention a difficulty in gifts, a matter that was in question in an appeal to the Tax Appeal Board, mentioned on page 70.

The next stage brings Justice Landreville in 1962 before the Securities Commission and its renewed investigation. He brought with him the original

of the letters of July 20 from Farris and of February 12, 1957, from Continental, a memo of all his sales of 7,500 shares effected by two brokers in Toronto, a copy of his letter of July 30, 1956, to Farris; he acknowledged the letter of February 16, 1957, to Continental, as well as the formal receipt of the shares which accompanied the letter of February 12: it was on these that his submission of purchase was based.

In his evidence given before the Securities Commission, 1962, Clark, speaking of the letter of July 20, said:

p. 8 A. This letter was drafted between Mr. Farris and Landreville and I was asked to sign it afterwards. I had nothing to do with the preparation.
Q. You were asked to sign it, though?
A. That is right.
Q. And you say the authors of the letter would be Mr. Farris and Mr. Landreville?
A. I have no idea who they were.

This testimony speaks for itself.

The letters of July 20 and July 30, 1956, are put forth as an original legitimate proposal which issued ultimately in the bona fide sale and purchase of 10,000 shares at \$2.50 each. Justice Landreville has given an account of how the matter of shares had been initiated which, in personal aspects, has been previously recounted. In the investigation by the Securities Commission, 1962, in the perjury trial and before this Commission, statements in a more contractual aspect were made as follows:

p. 66 Q. This letter (of July 20) by Mr. Farris and Mr. Clark to yourself indicates you had approached them and, I suppose, the approach was made to Mr. Farris or Mr. Clark or to both?
A. It was to Mr. Farris.
Q. It indicates this approach was made by yourself prior to the writing of the letter, July 20, indeed, prior to July 17. Can you place that for us in point of time? The language "recently" is used but, obviously, from the letter it must be prior to July 17.

A. I wish I could assist you by giving you a definite date but I can only say it was very recent and after we had a hearing at the Board.

Q. You mean after June 21?

A. After June 21st, definitely, because to me it was a question of whether the Board would approve of the Northern Ontario Gas and the certificate of feasibility.

In view of the fact that you are hinting at this, I would like to make a most emphatic, clear, decisive statement that at no time have I discussed with Mr. Farris or has Mr. Farris or anyone on behalf of his company discussed with me the possibility of buying shares of NONG. At no time, and, I would have been offended, very offended, if Mr. Farris or anyone had said to me, you can get shares from Northern Ontario Gas in return for any favours. Definitely, I will stand by that, Mr. Chairman. But, once the matter was settled before the Fuel Board I felt free then to approach Mr. Farris.

p. 80 Q. Let me see that I have this straight as to the stock and I hope you will correct me quickly if I seem to be in error: You say, firstly, that this option was not granted in consideration of anything you had done or might still do in your capacity as Mayor of Sudbury? That is point number one.

A. Correct.

Q. Secondly: You cannot be positive as to why Northern might wish to grant an option to you but you think it was because of these various aspects you have mentioned?

A. Yes.

Q. At that time had you discussed the particular amount of stock; that is, was the 10,000 share figure mentioned during the earlier discussion with you?

A. It was mentioned and the price, and estimate of the price, because I was not going to buy stock without knowing the price.

p. 159 A. Yes. This is dated August 3, and in my evidence I said there had been discussion of stocks with Mr. Farris in the middle of July or shortly before the 15th and that to all intents and purposes the City had completed its negotiations about gas; a, NONG was getting the franchise, the terms of the contract were b --.

pp. 168, 169 A. Mr. Chairman, before we go on, if I may follow up the question put to me by Mr. Cox, not to amplify, but to make clear. As I said before, my request and my inquiry for stocks with Mr. Farris, and my discussion with him, was in, possibly, the second week of July or the first week of July and prior to

the third reading of the resolution. I just wish to make the point I was not sure that I would get it. He never gave me any assurance I would have it. I made the inquiry, if I could get it, and the first thing I heard was that letter, which has been on file dated July 20. It came to me by ordinary mail several days later. In short, at the reading and passing of the by-law for the third time, I was conscious of the fact I would be or was becoming a shareholder of NONG stock. I make my point clear.

Quoting the letter of July 20:

Perjury
Trial
p. 617

Q. "You have expressed interest in our company, indicating, when free to do so, you would like to assist us in some capacity, particularly with reference to representing us as we face the many problems ahead of us in Sudbury, and Northern Ontario generally. You have indicated your faith and interest in us by expressing also a desire to purchase stock in our company. We greatly appreciate this twofold approbation of us by you."

Just stopping there, when had the discussions taken place that that refers to?

A. The discussion had taken place after the second reading of the by-law, to the best of my recollection.
Q. Which was roughly about what date?
A. That would be some time in the beginning of July after the passing as well as the approval by the Fuel Board of the contract and finalization with the Board.

pp. 618, 619, 620, 621 A. Yes, And that's about the first time I met Mr. Farris at that time. And most of the interviews would be with the City Solicitor discussing the clauses of the franchise agreement or possible amendments. Then, as often happens, you meet a person and you either get along with that person or you don't, and I thought that Mr. Farris was a very friendly type, and he pleased me, and this went on until after the reading of the by-law for the second time, final approval by the Board. And I recall that I approached him with language to this effect: "I suppose that now that you have got your agreement, we won't see you any more in the city and I won't have any opportunity of seeing, as you will be staying in Vancouver or Toronto".

And he said, "No, I'll be back here fairly often."

"Well", I said, "I have something in mind. I've grown to like you and grown to trust your organization. I have committed myself to the people of Sudbury that I would not stand re-election next December. That was -- that commitment was made several times and openly to the public. Next year, therefore, I will have nothing to do with the municipality. It's quite obvious that your company will have nothing to do with the municipality from now on until the Trans-Canada Pipeline comes in from the West, which will only be next year. And at that time I will be free and I'll be back

to my law office, and I'd like to work for your company. I think I can be an asset to your company as I have several municipal contacts in Northern Ontario. You're in Vancouver. I could be a sort of a trouble-shooter for you in Northern Ontario, and my law office -- I have a number of lawyers there in the firm, and I'm sure we could provide you with excellent legal services for all the contracts that you will have to enter into through Northern Ontario."

In short, I am the one that approached him to remember me with respect to that, and he expressed an understanding. He said, "Sure, I think you will be a good man for the organization next year."

Q. And those discussions took place about the date you said, which was when, approximately?

A. That took place after the Board hearing, the final Board hearing in Toronto.

Q. Well, it would be about how long before this date?

A. Oh, it wouldn't be longer than a couple of weeks.

Q. I see, before the date of this letter, which is July 20th?

A. Yes, in that vicinity.

Q. Now, was there any discussion about these words, "a desire to purchase stock in our company"?

A. Yes.

Q. What was the nature of that?

A. And in addition to going to work for the company on a part-time basis, as I would not quit my law office obviously, I expressed some interest in the possibility of buying some shares in his company, as, if I were going to work with the company, I wanted to have some financial interest, and he told me that -- he said that he would see what he could do. This was aboveboard, and admittedly, that I took advantage of the fact that I knew him and I had met him just like, I suppose, anyone would in the circumstances, and it was quite well understood, and my answer is indicative of something.

pp. 627, 628 Q. Up until that time had there been any discussion as to the number of shares you would be interested in or not?

A. Until the time of the receipt of the letter?

Q. Up to July 30th, 1956? (20th)

A. It is very vague in my memory.

Q. You just can't remember, or can you give us some idea?

A. I know there was some discussion but I cannot say just the figures because Mr. Farris told me it was difficult for him because they had to apply for supplementary letters patent to increase the stock and he wouldn't know the amount.

Q. Going back to the first discussion you had with him concerning the acquisition of stock, can you give the Court any help as to what amount, and when I say amount, was it ten or a thousand or a hundred thousand or a million, or what? Can you give the Court any help on that?

A. I can't assist you on that.

Before this Commission he changed the period from between July 3 and 15 to the night of July 17, the evening of the third reading of the by-law providing for the franchise. After that vote had been taken and the measure passed, he had driven Farris to his summer place several miles from Sudbury.

Here is part of his account of it:

Present Q. There were some preliminary discussions?

Commis- A. One discussion.

sion Q. One discussion, and was that with Mr. Farris?

pp.1050, A. Yes.

1051, Q. With no one else?

1052 A. No one else.

Q. And what is the best date you can give us for that discussion?

A. I have stated before the Securities Commission that I am under, I was under the impression that I spoke to Farris in between, during the two first weeks of July. In any event, at the time I spoke to him the question of the franchise was a completed affair.

Q. May I interject here, sir, just to pinpoint our date: Do I take it that your best memory is that some time after June 21st, 1956, which was that Fuel Board hearing that wasn't completed, and the 17th of July, 1956, when the third reading took place?

A. Yes, definitely.

Q. And was this a discussion that took place in Sudbury, or where?

A. Well, I will, if you will allow, give you the circumstances and the conversation as best I can recollect: Previously I have stated that it took place during the two first weeks of July; that is so. I have had the benefit of, of course, hearing all the evidence.

Q. Yes.

A. I may point out to you the reason I said the date, and that is what we are speaking of, at the time to which I spoke to Farris that it was prior to the July 17th Council meeting.

Q. Would that be on the same date, or prior to the meeting; is that what you are saying?

MR. ROBINETTE: No; he is referring to previous evidence.

THE WITNESS: I am referring to the previous evidence given before the Securities Commission.

MR. MORROW: Whose evidence, sir, yours?

A. Mine; but I was under the impression it was during the two first weeks. I may point out that I did agree with that, if we refer -- have you the transcript of my examination of October 3rd and 4th before the Securities Commission -- and if we refer here to page 66, at the bottom, Mr. Bray is questioning me; page 66 at the bottom.

J. Yes.

A. And it refers to the letter of July 20th: "It indicates this approach was made by yourself prior to the writing of the letter of July 20th, indeed, prior to July 17th. Can you place that for us in point of time? The language recently used, but by this time from the letter it must be prior to July 17th."

This is the question of Mr. Bray to me; I answer: "I wish I could assist you by giving you a definite date, but I can only say it was very recent, and after we had a Hearing of the Board."

pp.1053,
1054,
1055,
1056

We were coming up Lard Street, I remember even the car we had, it was a small Thunderbird, and there we were, talking about a multitude of things, and he was explaining to me the difficulties of organizing a company such as NONG. He was telling me that he had very few men on the personnel; there was McLean, there was Chester Grey, and a couple of the office staff, and that he was short of administrative men. I said to him, well, I recall that thought very clearly: "I suppose now that you have got your franchise we don't see you ever again in our municipality, at least not in my time, because the pipeline is not due east for quite some time yet." "Oh", he said, "no, we will come back, and we have to get our organization going in personnel", and the thought crossed my mind, and that is a matter, mind you, of just two or three blocks from the Coulson Hotel. It was a very nebulous approach; the thought crossed my mind, and I said to him: "Well, maybe next year I could be helpful to your company; I won't be mayor, and I think I could be of assistance to your company organizing it, as a sort of a trouble shooter", and he said: "Well, that is true, you could be helpful, but I don't know where we stand right now. Everything is too indefinite", and I added, I said: "Of course, also I have legal experience, and I have a substantial or well equipped law office". I had, I think, five or seven lawyers working on my payroll at the time. "We could provide you with legal service as well", but the main thought was to me that I could become affiliated with his company, just a very casual mention, and he said: "Yes, that is, I think you would be a valuable man for us."

Q. Do you know whether you pointed out to him that you could talk more than one language fluently?

A. Well, he knew that, and he knew also that I was known in all the municipalities of Northern Ontario, and I had been on the National Federation Executives, and I knew all the mayors, and so forth.

Q. Carry on?

A. Well, he thought it was a good idea, and he said: "We will speak about it in January, or later", and it was left vaguely like this, and I think I did point out to him some of the

qualities I could supply to his company, that I knew how to handle municipal councils and I could appear for him, because he was in Vancouver, and so was Spence Clark, and there were no representatives in Northern Ontario.

As addition to that, I said to him: "Well, now, I will tell you what I am even willing to do: I am willing to buy some shares in your company", and, well, he said: "Leo, we are just at the stage of supplementary letters patent; we don't know exactly where we stand in that regard, but I will see what I can do."

I have stated before that I thought he had mentioned the price and the quantity; after hearing the evidence of Farris, I must amend that by saying that Farris mentioned it to me in September in North Bay. I had entirely forgotten about that meeting in September, so I confused over the number of years these two dates, but the entire conversation was barely one of three or four minutes; it was just a sort of a feeler, if I could be helpful to his company the following year, and to show my good will, and frankly at that time I thought that I was being rather venturesome to offer to buy stock, knowing what I knew of the company, that it had no assets.

That was about the end of our conversation that night; I left him at the hotel door, and went back home, and that is about all there was to it until, I must say, I was surprised by his diligence when I received this letter of July 20th.

Q. Do I take it then that until the letter of July 20th, 1956 came, you only had one discussion and one discussion only with respect to acquiring shares in Northern Ontario?

A. Very true.

Q. And the discussion that you have outlined to us, the entire discussion to the best of your recollection is what you have just related?

A. It is to the best of my recollection, and fairly accurate.

pp.1064,
1065 THE COMMISSIONER: What you are now saying, is, that this meeting took place on the 17th of July.

THE WITNESS: Well, I did not affirm that, sir; I cannot, but I say that with all the hindsight and the piecing the evidence together, it is most likely that that meeting, that talk with Mr. Farris took place July 17th.

THE COMMISSIONER: Well, really that is a question that would depend on the individual who takes the same factors and draws a conclusion from them; you can't go more strongly than that, can you?

THE WITNESS: I can go this strongly, that I knew this would be about the last time I would see Mr. Farris.

THE COMMISSIONER: Well, what of it? Suppose it had been the last time, what was the consideration that bound you to that view, that you had to do something because he was going to leave this part of the country?

THE WITNESS: I did not approach Mr. Farris that night, nor any time before, with a view of sharing in any of the benefits of this company at all, or having any link with the company; that thought never crossed my mind.

THE COMMISSIONER: Well, what do you mean by that? Do you mean as a consideration for services prior to the 17th of July?

THE WITNESS: No sir, not as a consideration, certainly not, nor on any other grounds.

THE COMMISSIONER: Well, would you mind repeating it, so that I can get a clear idea of what you said?

THE WITNESS: I am saying that at no time did I formulate an intention of being an officer in NONG, or acquiring shares or stock or anything in association personally with that company until that last time I spoke to Mr. Farris, nor had there been any indication by Mr. Farris to me by any subterfuge words or anything that I would derive any benefits if I assisted him in any manner.

pp.1068, 1069,
1070 A. I have stated before that I thought that Farris had mentioned the word "Continental". That was in July.
Q. What was the -- what was it mentioned in connection with? What was the connection that you derived from it?
A. Now, with the information -- having heard the evidence of Farris, I confused the name "Continental" which I then acquired, with a subsequent talk in September.
Q. Well then, do I take it that you are saying today that you are satisfied, from what you have heard, from all the evidence and from your own researching of your mind, that you don't think that Continental or Convesto was discussed in July of 1956?
A. Having heard the evidence, that is true. I may remind you that the meeting in -- I don't have that in my brief at all, the meeting in September in North Bay when we discussed that at a later date.

Q. What is your recollection about that, if any?
A. Well, I have told you a few minutes ago that I had said before that I was under the impression there was talk about the amount and the price of shares. Now that I have heard the evidence of Mr. Farris saying that I saw him in September, there was subsequent meetings which I had forgotten about, I may have been using subsequent knowledge and applied it to that date.

Justice Landreville is seen to have kept in mind as being vital and determinative the point of time when his duty to the City towards the gas franchise would end and his personal right to bargain for shares begin: he was watching the clock for the moment of release at the point of total disjunction.

The change in dates in itself is suggestive of uneasiness at the proximity of those interests, the demarcation of hovering ideas, one of duty and the other of gain; the detachment of each from the other must be demonstrated by an externally clean and absolute cleavage in time.

The addressing of the letter of July 20 to the home of Justice Landreville rather than to his office betrays the first overt act of secrecy in which the subsequent relations between these two persons are seen to be enveloped. The letter itself is clearly stuffed and contrived with stilted specification of what the present is and the future holds of vague problems and possibilities, from a contractual point of view, signifying nothing. On his appointment to the Court that picture and seemingly arresting prospect vanished without trace, but the shares remained as the intended and continuing item.

The memorandum of October 18, taken at its face, and as it relates to the new circumstances, is significant in the implication of the question put: "Do you want the shares now that you are on the Bench?" Farris comes from a family of lawyers, with a deceased uncle a former Chief Justice, and on this occasion he appears sensitive to an act seemingly more suited to a denizen of the market place than to one occupying a seat on a tribunal of justice. But the answer to the question was unhesitating, from which it is evident that Justice Landreville was immune to such an inner admonition.

That memorandum and the phone conversation of January 1957, as told by him, exhibit a similar pattern. In the former, both fact and fiction are seen brought together: the effect of the new status on accepting the shares; the reference to the likely time of taking them; that the Justice would pay in cash for a block in two or three months; the reference to a broker, and the

request that Farris tell the broker to do something. The last two items were purely fictitious: the dealing with the shares was exclusively in the hands of Farris and Justice Landreville was a passive receiver; at the time of the memo Continental had not entered the scene. Congratulations on the appointment had already been extended in the letter of October 1, and although possibly a short renewal might be expected, Farris was not of a nature to waste much time in repetition of that sort; possibly, also, Farris had spoken of a favorable market in two or three months time. What is seen is falsity on vital matters supported by a mixture with unimportant fact. A similar combination is seen in the phone conversation: there was a communication of fact that the shares would reach Justice Landreville through Continental and very likely how adjustment for the so-called price would be carried out. The fiction introduced was the identity of the person who made the call and the professed instruction to sell: such a reference to an instruction to a "broker" to sell passed on to Farris, who knew the facts, is the crowning absurdity; again, fiction on a controlling circumstance is combined with exposable fact.

The memorandum could have been made to re-assure the writer, in the new situation, of the promise of July 20, and to furnish "real" evidence of an order to a "broker" to complete the dissociation from Farris. It is significant that the letter of October 1 makes no mention of stock or of the ending of the prospect of the Justice's association with NONG, again protecting the name of Justice Landreville and confirming the interpretation of the letter of July 20, seemingly contractual, as fictional.

How did such a gift come to be conferred? It was the largest to any individual not in the circle of the financial or directing group. This fact was pressed on Justice Landreville in 1962 and here is what he said:

pp. 75, Q. Can you tell me why Northern Ontario Natural Gas would
76 grant an option to you of 10,000 shares?

A. That I cannot answer fully except on suspicions. First of all, there was my request. Secondly, I prided myself into believing that that company may have had in its mind the use of my services and contacts in the years to come and after my term of office and I could be a valuable man to them.

Q. Do you attach any significance to the fact that the directors meeting reflected in Exhibit 3 was held, ostensibly, on the very day the franchise was signed?

A. That I was not aware of, the day of the meeting, and I would certainly not have expected an early reply to my request to Mr. Farris. It wasn't long after I made the request to Farris so I wrote in to Continental, you may have a letter from Continental, saying I have placed my order.

Q. Let us touch on that point: Why would you write to Continental when the option was granted by the company; why would you not write to company as most of the subscribers did, in fact all of them did?

A. Because Mr. Farris told me that Continental had the stock.

Q. Yes, but your option was from Northern Ontario Natural Gas?

A. It came from them.

Q. It came from them.

A. That was the answer but I am speaking of a conversation prior to this letter wherein Mr. Farris told me of the existence of Continental Investment. I do not know -- I have stated to you I have hunted and I cannot find a letter written to Continental. They may have a copy.

Q. You are aware, it is not secret, generally, that the inquiries which we are about here, stem from the inquiries instituted in British Columbia and I think you are very well aware of that, sir, and I have seen no such letters and I believe I have copies of all the documents.

A. I cannot answer that, sir.

There is not the slightest doubt that no such letter was ever written by Justice Landreville to Continental.

It is opportune here to introduce another item of some significance.

A prospectus was issued by NONG in June 1957, a delay in filing which, in view of the sales of stock made prior to that month, resulted in the conviction under the Securities Act of Ontario of NONG, Farris, and Clark. In the enumeration of sales made prior to its issue, no specific mention is made of that to Continental as Convesto although the sale of the same number to Lehman Bros.

appears. As those two allotments were declared by Clark to be of identical nature, the omission to show the former can only be ascribed to the policy of secrecy.

Arising out of the distribution of the 14,000 shares, prosecutions were launched against the mayors of four municipalities by which franchises had been granted: Sudbury, Orillia, Gravenhurst and Bracebridge. The offences charged were the same: in substance that NCNG stock received by the mayors had been corruptly bargained for and that each, for the promise of reward, had used his influence to assist NONG in obtaining a franchise from his municipality. In three of them the information was dismissed on the ground of insufficient evidence to justify committing the accused to trial; in the fourth, that of Orillia, the accused was acquitted in a county court jury trial. Following these, a public statement was issued by the Attorney General that in the circumstances no Bill of Indictment would be preferred by him before a Grand Jury in any of the three cases of dismissal.

To the Province there has been committed by Section 92 of the British North America Act exclusive jurisdiction over the administration of justice. The courts here concerned are provincial courts although judges of the Supreme and County Courts are appointed by the Dominion Government. Such a charge levelled against a Judge of the Supreme Court of Ontario becomes obviously a matter of primary provincial interest; and in the case of Justice Landreville, it was to vindicate that as well as the general interest in municipal government, and the enforcement of the criminal law, also provincial matters, that the prosecution was brought. This formal action of the provincial authorities creates a situation where their judgment arrived at by a consideration of all the circumstances, must be accorded a respectful recognition by this Commission.

That means that an originally corrupt agreement between Farris and Justice Landreville to bargain shares for influence is not to be found to be established; the presumption arises that there was no such agreement. Such a matter is a question of a state of mind; the external facts are before us; what is hidden is the accompanying understanding; and it is proper for this Commission to assume that the facts disclosed do not satisfy the requirements of our criminal law that that understanding, beyond a reasonable doubt, was corrupt.

This leads us first to the consideration of a conclusion from those external facts which is consistent with that assumption; and secondly, whether what took place in relation to those facts has infringed any other law or has violated an essential requirement of that standard of conduct which is to be observed by a member of the Supreme Court of a province.

To these considerations personal relations become significant.

Justice Landreville was born in 1910: he is a man of roving mind, and a talented linguist, speaking fluently in English, French and Spanish, with a working knowledge of Italian. He graduated in Arts from the University of Ottawa; is a graduate in Law from Dalhousie University Law School; and holds a degree in Dramatics from the University of Montreal. He has had considerable experience in public office such as School Trustee, Alderman, Member and Chairman of the Sudbury Hydro Commission, Mayor of Sudbury and a Justice of the Supreme Court of Ontario. He was associated with a law office in Nova Scotia during 1932 and in 1933 moved to Sudbury where in the course of a few years he established a substantial practice. His interests were not confined to that practice: he has a sharp eye for business and is now of considerable wealth. Apart from law, he has been primarily interested, and successfully, in real

estate transactions. In 1955-56, while the gas development was taking place he was a party in equal interest with a former partner, now a County Court Judge, in the sale of land in Sudbury, acquired by them in 1949 for \$173,000 and sold in 1956 for \$325,000. That he is not to be taken as an innocent in such dealings is demonstrated by language addressed to the Tax Appeal Board in the course of an appeal from a gift tax arising out of that sale: "The fact that we had, so to speak, and with due respect, manoeuvered Kresge's over a barrel and squeezed the utmost price out of them, is irrelevant to the issue". The case is reported in 64 DTC 198. He is plausible in statement and his resourcefulness, superficially, is considerable. His emotions are active and he can be highly expansive; he is fascinated by the glitter of success and material well-being. His outlook is indicated by a residence in Mexico, as well as a lodge some miles from Sudbury. He stated that there could be no social gathering at his home of the City Council of Sudbury for the purpose of promoting NCNG's application for a franchise, because there were too many members of the Council who were not of his social rank and would not be invited.

He is quite capable of being disingenuous; and when occasion arises he is not averse from untruths as in his telegram of February 28, 1957, to Continental: "Regret shares already sold" when in fact he still held unsold 6,500 of them. That propensity was active also in speaking of his wife's financial position. He told the Securities Commission in 1962 that "Mrs. Landreville has no assets; she bought one penny stock at one time for which I have never forgiven her". Yet in the appeal to the Tax Appeal Board mentioned, he stated to the Board that "I do know that my wife could have written a cheque to ourselves personally for whatever amount our accountant would have said", meaning the value of the shares put in originally at \$3.50: the gift tax was

on the difference between the true value of the shares and the price at which they were sold. This, or a like controversy was mentioned as a source of annoyance by Justice Landreville in the interview with the Mounted Police. There was also his statement to the Mounted Police that he had purchased the shares in NONG through a broker in Sudbury, an utterly false statement. These three instances are not in themselves of great significance but in the total orchestration of conduct exhibited by the Justice they add a small though harmonious note.

In short, he presents the somewhat versatile character of a modern hedonist of vitality whose philosophy is expressed in terms of pragmatic opportunism for public prominence, financial and social success, tinted with arrogance towards subordinates and confidence in his ability to move around. The picture in MacLean's magazine of himself and Farris, mentioned on page 76, carries the imprint of satisfaction at his inclusion in an account of what to him was a Wallingford episode.

His taking up abode in the northland was in character. That section of Canada, for the past sixty years, has been nurtured in speculation; beneath ironized masses of rock lay the substance of colossal wealth; fortunes shot up over night; and the response to the proposed gas developments exhibited the inherited trait of its people. Everybody, as it was said, wanted to "get in on the ground floor". Such a land with such a spirit was as a magnet to the young lawyer fresh from law school and itching for action. It is not surprising that he should have been caught up even in 1955 by the vision of the bold project and it may be that from the first he viewed it as presenting a rare opportunity for public and personal profit. In Farris he met a kindred spirit, between whom there would be mutual loyalty serving personal interest, the determinant of the shortsighted and disastrous course of action which has been somewhat detailed.

Farris, a man in his early 50's, born and brought up in Vancouver, with a mind sharpened by the keenness of the struggle for fortune, of a driving energy, who viewed the petty morality of the middle class as no more than a hindrance to the public and private interest of large scale enterprise, found a congenial associate in Justice Landreville. In both, the titillating speculative prospects were irresistible and in the northland of Ontario an unsurpassable locus presented itself. For the past sixty years it had furnished foundation wealth to many sections of Canada and the United States: gold, silver, cobalt and other metals and minerals drew adventurers to what was otherwise a wilderness; and in the course of the years there has been built up a spirit for speculative fortune that in 1956, in a somewhat minor degree, broke out anew.

As has been stated, Farris and Justice Landreville met first in Sudbury at sometime between December 1955 and April 1956. According to the evidence of Dr. Parker, formerly in charge of the International Nickel plant in Copper Cliff, Mayor Landreville was one of a small party representing NONG to visit the plant on March 28, 1956. International Nickel had satisfied itself of the fitness of gas for its operations and was apparently in the course of discussing terms with NONG. The idea of an expanded Sudbury municipality assuming, as taken by some, that this would take in Copper Cliff, the "amalgamation" mentioned in the Mayor's letter of December 7, 1955, to Grey, can easily be seen to have been anathema to International Nickel; and as Justice Landreville intimated, there was not much more than cold politeness between the protagonists of these neighbors: two things to be avoided by the Nickel Company were that it be brought under the municipal control of Sudbury, and to be suspected of dictating the distributing company to Sudbury. But

the meeting of March 28 does see Farris and Mayor Landreville brought together although there may have been a brief earlier meeting in Sudbury.

The progress of their acquaintance was rapid. As previously stated, Farris was a dining guest of Mayor Landreville on April 26. A personal note to Farris enclosed with the letter of May 3 is indicative of that rapidity:

Dear Ralph,

You should have seen the elated face of Toby - at receiving so many beautiful roses. I had no right to take a sniffle - but I did!

Do come back soon as if I note any delay in your return - I shall purposely sabotage this contract to compel a return visit. Further, you and I have a few important things to discuss - re Co.

Best regards

Leo

That day, May 3, it will be recalled, sees the early stage of action in Sudbury. On May 2, the City Solicitor is seen to have been engaged on a franchise agreement, to the extent of distributing a copy to the Board of Control and the City Council, done at the direction of Mayor Landreville. On the 3rd there was the letter to Farris, with a copy to Grey. Near this time a phone conversation is said to have taken place between Mayor Landreville and the Minister of Trade and Commerce, the Right Hon. C.D. Howe. On May 3, a telegram was sent to the Minister, followed on the next day by the latter's reply. Farris' letter to Mayor Landreville of May 8 set out on page 16 of this report refers to the friendly note: "As you say, we have important things to discuss".

The "important" business was said by Justice Landreville to have been the passing of the franchise by-law, but the note of the Mayor uses the words "re Co." and why any legitimate object of action should be mentioned in such occult language is not clear. The sentiment of the note is of interest as is what is called the "first name" relation.

It will be recalled also that the first and second readings of the by-law authorizing the grant of a franchise were passed by the Council on May 22, 1956. This was followed by the recommendation of the City Solicitor of a somewhat extensive modification of the terms proposed, conveyed to the members of the Council by letter on June 19. The result was that at the Council meeting on that day, the matter was put over for further consideration, notwithstanding that the Fuel Board had set down for hearing on June 21 an application by NONG for a final order of approval.

July 3 had found the Chairman of the Fuel Board meeting with the City Council for further discussion of the position of the City respecting rates, etc., by which the points or most of them at that time raised were disposed of. There were besides the letter from Farris dealing with the proposed subsidiary company for the City's distribution, the submission of minor items and the final approval of the terms by the Fuel Board on July 16, concluding with the third reading on July 17.

For this period there is no doubt about the attitude of Mayor Landreville towards the franchise; as previously detailed, there were a number of factors generating urgency: the financing of Trans-Canada, as well as of NONG, for which municipal franchises furnished substantial evidence of security; the appeal from Alberta for prompt action; the construction of the Manitoba-Kapuskasing section by the Dominion and the Ontario Governments; the policies of both these Governments. There was also the strong support of Mayor Landreville.

It must be apparent that those circumstances though short of a sufficiency for the purpose of a criminal proceeding, do raise a deep suspicion of a secret understanding. Suspicion is not sufficient in itself to establish criminality nor is this Commission a Court. But for the purpose here the question arises why has there been so much obvious concealment about the share acquisition. Justice Landreville has declared repeatedly that although it was a private negotiation, it wasn't secret; that a number of his friends knew of the offer and the acquisition of the stock; that the Council knew; yet not one witness in any of the hearings would admit to having received any such information otherwise than through hearsay. Those mentioned by him, Judge Cooper, Judge Waisberg, Murphy, the City Clerk, Fabbro his successor as Mayor, and others denied having been told by him about it. Information of that sort was not a matter of short memory especially in the presence in 1957-58 of rumors suggesting scandals and associating the Justice with them, until finally his name was brought into the open in the provincial legislature. His failure to attend the 1958 investigation and lay all the facts before the Securities Commission, including the manner in which the stock transfer was effected, while his memory of the events of 1956 and 1957 was fresh, and in the face of his protestations that he wanted an opportunity to denounce the imputations and to make public the facts, is, considering his public office, extraordinary behavior, and its implication serious.

Other circumstances must be mentioned. In the Toronto "Star" of Friday, April 26, 1963, there appeared across the top of a page a heading in large letters, reading: "Judge: I Paid Hard Cash For My NCNG Shares." The article purported to be an "exclusive" interview. Justice Landreville was quoted as saying that he "had not obtained his shares early in the distribution

at the dirt cheap prices paid by such investors as Philip Kelly, former Mines Minister, who resigned before his stock purchase became known; "...when I came in", said Justice Landreville, "it was for hard cold cash, long later, and just as an investment". The article mentions the fact that the investigation in 1958 by the Securities Commission "no trace of Landreville or any member of his family" was shown on NONG's stock records. Justice Landreville is reported as saying: "It was known to the whole Sudbury city council, it's not a secret"; but also as declining to give further details of his holdings and as declaring: "When and if I make a statement I will defend myself but not in a newspaper ...", "I am subject to being brought (to testify) like anybody else. But it's a political issue, and in my position I cannot meddle in it. -- I love politics and I'm itching to get into it." The "investment" was disposed of with the eagerness of its acquisition.

In the issue of MacLean's magazine for September 7, 1963, is a long article on Farris headed "The Life and Times of a Wheeler-Dealer"; included is a photograph of Justice Landreville and Farris taken together; under the picture Justice Landreville is described as a person "who helped get Sudbury gas franchise". In the course of the article the following appears: "But then Mayor Leo A. Landreville who had first opposed Farris became a strong supporter of NONG. He held a party at his home, and talked up the benefits of NONG. In general the Councillors agreed that Justice Landreville wore down the opposition Justice Landreville did, however, tell a Toronto Star reporter that he had indeed held some NONG stock, but he said: 'I got my shares later and for cash'; ... and certainly NONG's records show that whatever name was on the Judge's stock it was not his own."

Neither MacLean's nor the "Star" has been called upon to retract, nor has either retracted, any part of these statements.

The market price of the shares has been mentioned, but it was not stressed seriously before this Commission. The reason is obvious: Justice Landreville had bound himself to nothing, and he is not a person to hesitate in serving his own interests. He asserted and his assertion is accepted, that he could have purchased 10,000 shares at \$2.50 at any time, among other means, through his banking credit; he mentions money also in the memo of October 8. On the NONG shares he at one point made the remark that he was "leery" of their value; at another he declared them to be a good investment and for that purpose had taken them. By the procedure followed by Farris to pass 7,500 shares to him, the Justice lost the profit above \$10 on 2,500 which in a market that rose to a maximum of \$28 might have run from \$2,500 to over \$30,000. But he was not being given them on such terms. He got rid of most of them as quickly as possible, investing their proceeds in stable stocks such as International Nickel. Between February 28 and May 21, 1957, he had sold 5,500 shares; in 1958 - 1,500; in 1961 - 500. His eagerness in the July or earlier conversation is matched, as he termed it, by "his greediness in selling". His total profit was \$117,000. The following statement is pertinent:

Securi- A. Well, I would like, I would ask anyone to transpose himself
ties Com- into my frame of mind. As a result of the information I
mission, had concerning the gas question, which information was open
1962 to any citizen of Sudbury, the conclusion was, number one,
pp. 61, that Northern Ontario Natural Gas was a responsible firm
62 that would reasonably be expected to be successful in its
venture of gas distribution in Northern Ontario.

With that information and the recommendation of our Government, the recommendation of the Ontario Fuel Board, it was obvious to me that this would be a good investment. I was fully aware of the fact that the contract would not go into performance until the following year and that this investment could be capitalized on in years to come.

A like number of shares, 14,000, was, in September 1956, allotted to Lehman, a financial house in New York. They in turn seem to have been for

distribution but, so far as the evidence goes, in such manner as Lehman might decide. They were claimed by Clark to be in the same category as in the case of Continental, and if Lehman had been given the names of those who were to receive them, there would be a further similarity between the two allotments. But the distribution, if any, in the Lehman lot was to private financial sources, which were concerned in the financing of the total project, including Trans-Canada; in the present case it included public officers. Assuming the purpose in each to have been the same, which was Clark's contention, as to the four mayors, that purpose was intended to be accomplished in secrecy, and that secrecy was sought to be maintained to the extent even of the deception of public tribunals.

Any suggestion of a genuine and legitimate gift or, after October 10, of a new sale, is rejected by the Justice. In his letter of September 19 he assured Farris that he was "carefully" keeping the letter of July 20 in his file: a changed understanding never entered his mind: and after October 8, as he alleges, he and Continental carried out the bargain of July with NONG, whatever it was, without reference to Farris. Why then the devious means taken to keep the name of the Justice clear of NONG's records and to protect Farris from any evidence of personal participation in effecting the acquisition? Only a disturbing apprehension by both of an impropriety arising by reason of the involvement of the municipal and later, the judicial, office of the Justice can be the answer. The exclamation by him at the outset of the hearing in 1962 "My personal life there (then) may be in danger", a bit dramatic, reveals his state of mind; hence the efforts to save both.

There was a suggestion by him that he might have received slips or notes from Continental evidencing the sale of the 2,500 shares; he had received nothing of the sort because they were never sent; the dealing with the 2,500

shares was not a sale on behalf of the Justice at a flat sum of \$10, but an instructed adjustment at that sum: the amount of \$25,000 was simply charged against Farris and 2,500 shares were then held for him to sell or otherwise deal with as he directed. No charges were made as the transaction was carried out as a matter between Continental and Farris in a NONG transaction. The allotment to Continental made that company in effect an alter ego of NONG or Farris for the distribution of the shares; and this fact explains the heading, "Subscription Account" and the accounting resorted to. The 7,500 shares were sent gratis to the Justice: the charge of the 2,500 against Farris was the means by which Continental would be recouped of \$25,000 advanced in respect of them; that amount was spread over the gift as well as the 2,500 shares: but the ultimate adjustment between Farris and NONG or his associates, if there was any, is not clear.

The like suggestion that a letter had been written to Continental by the Justice in July, the possibility of the telephone message coming from McLean as a broker in Vancouver, the claim that knowledge of the offer to him and his acquisition of shares had been given to others, are all of a piece; and their repeated assertions indicate a very low opinion of the intelligence of those to whom such statements have been made.

The rather lengthy excerpts taken from evidence given by the Justice in the several hearings are intended to furnish an indication of its general character: vague, indefinite, qualified, non-committal, replete with half-truths, over-stressed accounts of indifferent or non-significant facts, irrelevant digressions, emphasis on the obvious, indignant assertion in the nature of shadow-boxing, protestations of anxiety to vindicate himself, and airy looseness with truth in small matters: all bringing about an essentially misleading

picture of governing facts. The general confusion in relation to several controlling incidents serves only to deepen suspicion: the preliminary discussion with Farris in July 1956, in which he alleged a reference to Continental; repeated in the memo of October 8 of that year; and finally - after considering, among other things, the evidence of Farris - attributed to the meeting with Farris at the North Bay dinner on September 10: these are typical. The absurdity of the remark, according to the memo, made to Farris, that he "notify the broker", that is, the "broker" to whom he had in July given an "order", is most illustrative; Farris knew both that the "broker" at that time had nothing whatever to do with NONG stock and that he alone would direct its course to the Justice; and the fiction presented is as foolish as it is absurd. The same remark applies to the "sending of a cheque" mentioned in the memo. And the account of the phone message in January 1957, in the fictional caller, is to be similarly described: Farris' telegram of the 22nd of that month and the evidence of McGraw dispose of the account given in the previous proceedings. These statements were made to the tribunals most probably out of a sense of loyalty to Farris as well as for the protection of the Justice himself. In some situations, loyalty of this nature can be respected, certainly understood, but in them nemesis will be accepted as justified. Properly read, the statements are fabrications but with such accompanying qualifications as nullify positiveness.

It would be a mistake to assume naïveté in respect of the several accounts of events given by the Justice: they are confused by positive asseveration - on two occasions declared "adamantine" - followed by qualifications that eviscerate them of clear meaning. This can be seen to permeate the quoted testimony relating to the broaching of the acquisition of shares in early

July 1956; in the alleged first mention of the name "Continental" at that meeting which has already been dealt with. Similarly was it towards the message from Vancouver in January 1957: his suggestions of possible persons who could have made that call being exhausted, he grasped at the straw thrown out of a defective memory. His remark on that faculty that for some matters it was good and for others bad, can, without reserve, be accepted; but the classification becomes extremely simple: on the vital items where the probing touches the nerve there is failure: on the unimportant, a quick and clear recollection.

The question of memory calls for a few words. The stock was received by the Justice about February 15, 1957, less than a month after the phone call from Vancouver. One year later, in March 1958, an order for the investigation of the share distribution of NONG was made by the Attorney General of Ontario. We have seen that although Justice Landreville knew of that investigation and that his name had been used in the prevailing rumors, he did not attend the hearing; and as his name was not found on any of NONG's documents seized in Ontario, he was not called before the Commission by subpoena. It is obvious that on mere rumor, a member of the Supreme Court, in such a situation, would most reluctantly be called upon to disclose information.

But that he was concerned about it is seen by evidence given in 1962:

Securi-
ties Com-
mission,
1962
p. 21

A. May I say that you do not read the newspapers enough because the Sudbury Star and the Toronto Star had, in that inquiry of 1958 or 1959, whenever it took place, had knowledge of my interest in Northern Ontario Gas; my picture was in the Toronto Star as being along with Kelly -- Mr. Kelly, Mr. Fabbro, the succeeding mayor to me, and others. I resented it tremendously. I would have hoped the Commission would have invited me, if they had read the Toronto Star, and asked me, have you any shares or even if I had had a phone call asking, have you any shares, and I would have been anxious to disclose it because, simply, one in my office cannot stand up to smearing campaigns. He must either defend himself or resign if he

cannot give an explanation. That is my attitude and, I think, Mr. Chairman, you should be able to understand that and, I say, I would have invited, I would have hoped, I would have been glad if I had been invited.

p. 22

A. Excuse me, Mr. Chairman, I do not wish to quarrel with you; I accept entirely what you say but the implication is I should have come and ventured forth. However, my position was not that of Mr. Lough. It was quite obvious that this was a matter that was political, a matter tinted with politics and politics and the Bench do not mix. In short, the esthetic aspect of my occupation was such I must never talk politics, I must be devoid of politics and that was the only reason I did not run across the street to venture forth but had the newspaper pushed this one step further I was going to ask the Premier of this province the privilege of going on the floor of the House to make a statement because I have the right to defend myself and I have an obligation to defend myself.

pp. 23,
24

Q. I am instructed, sir, that on March 5, 1958, you were in contact with an employee of Northern Ontario Natural Gas whose name is E.C. Bovey and, at that time, you attempted to contact Mr. Farris. Mr. Farris was not in Toronto - Do you have any recollection --?

A. I have no recollection.

Q. -- of what that may have been about?

A. I have no recollection of what that may have been about or what that concerned and I may add, for the record, that I have not seen Mr. Farris nor communicated with him, I haven't seen Mr. Farris for many months. In short, my evidence is given here without interference, advice, counsel, directly or indirectly, by Mr. Farris.

Q. --, I am not a politician, and in that regard I am much in the same position as yourself so far as politics are concerned.

A. That is true.

Q. You appreciate that; but, my recollection, and I am going by recollection, only, that this was first mooted about, Northern Ontario was first mooted about publicly as being some sort of scandal in or about March 1958, and I put this question to you as a result of that.

Was your conversation or attempt to contact Mr. Farris, reflected by my information, in any way related to this publicity which was starting to come out concerning Northern?

A. I have no recollection of that, Mr. Chairman. There is only one thing I can tell you: I may have contacted Northern Ontario Gas, possibly it was at the same time in 1958 or 1959. Why? Because due to the good publicity of the newspapers the Income Tax came down on my head. They read the

newspapers, too. And, they said, what about those shares? And, at that time I went right down to the Department with Mr. Richardson of the firm of Clarkson, Gordon in the City, I brought my purchase and sale slips and the whole evidence was given to them.

Would his memory of those events of one year before have faded by the spring of 1958? And if not, with the unpleasant situation developing, could he possibly forget the vital occasions in the course of 1956, and the first two months of 1957? They would by that time have been burned into his memory - a gift realizing \$117,000.00 is not an every day occurrence; but in 1962 they were produced adulterated by fictions.

The following communications are relevant to the close relations developed between Justice Landreville and Farris. They parallel the intensified support for the grant of franchise to NONG from April to July; and they should be taken into account in assessing the statements of both, particularly the risks taken by them, in their testimony before the Securities Commission, Farris in 1958 and both in 1962. The reference in the letter of August 1956 (undated) to the oral chastisement of the City Engineer Hennessy by the then Mayor is most significant; the former, whatever his judgment might have been, was acting honestly, in co-operation with the City Solicitor, to obtain what were considered better terms; and whatever justification the Mayor may have had for criticism of suggested provisions for the franchise, there can be none for passing it on to one in the position of Farris; we can only imagine what else was passed orally, and the co-operation implied.

Letter from Mayor Landreville to Farris of May 3, 1956, see p. 73.

Letter from Mayor Landreville to Farris of August (undated):

Cabinet du Maire
Sudbury, Ont.

Dear Ralph:-

You may not have seen the attached.

Leonard Dickson kindly invites us to attend Fair Lady - & visit - to Exchange in New York.

Hope - interview with Jones & Kelly is successful -
You should have heard what I told Hennessy - about his meddling!

Leaving by train - Sunday night for Toronto - leaving Toronto by plane for New York 1.30 Monday - & will spend 3 days at W.-Astoria -

All the time thinking of our friendship & your kindnesses. -

Leo

Telegram from Farris to NONG, Jan. 22, 1957, see p. 32.

Letter from Justice Landreville to Farris of Nov. 25 (1958):

The Supreme Court of Ontario
The Hon. Mr. Justice Landreville

Osgoode Hall,
Toronto 1.

Dear Ralph:-

On my return from Mexico, the first news that come to me in the Press concern the imposition of the fine.

Of course now that you are an ex-convict and because of my loughly position, I will not be able to publicly appear with you!!!!

But just to show that my heart is in the right place, I have had the foresight of bringing from Mexico a shirt ... which by now you may find useful ... in view of the fact you lost yours. Of course, you can count on Toby and me for a free meal at times ... lodging you will have to do the best you can

Please give us sign of life ..

Leo

Nov. 25th

Letter from Farris to Justice Landreville:

January 20, 1959

Dear Leo,

This can hardly be called a prompt reply to your letter of November 25th and the most exotic sports shirt attached thereto. I thought it only fair that I be given an opportunity to wear the shirt before replying. This I have now done and I am the hit of my family. Thank you very much.

I hope to be in Toronto on the 27th or 28th of January and I would like the opportunity to 'phone you so that we can meet "privately".

My very best regards,

Ralph

RKF :dg

The Honourable Mr. Justice L. Landreville
The Supreme Court of Ontario
Osgoode Hall
Toronto 1, Ontario

Telegram from Farris to Justice Landreville:

Vancouver, B.C.
February 3, 1960

Mr. Justice and Mrs. L.A. Landreville
10 Benvenuto Place
Toronto, Ontario

Bettie and I deeply regret that we cannot join you in Mexico for our joint birthdays Stop Leonard is phoning you tonight explaining that he and Rose just cannot adjust their plans. Bettie is most disappointed as she had her bags practically packed Stop I will be in Toronto before you leave and would like to have a prebirthday dinner with you both.
Fondest regards.

Ralph

Telegram from Mr. and Mrs. R.K. Farris to Justice Landreville:

Vancouver, B.C.
February 22 1960

Mr. Justice L.A. Landreville
"Landrevilla"
Colonia las Delicias
Cuernavaca
Mexico

Many happy returns on this momentous occasion. We all wish we could be with you to celebrate together.
Love and regards.

Bettie and Ralph.

A perceptive examination, by one of any degree of psychological insight, of his testimony as a whole, given on four occasions, will reveal some striking characteristics: the frequent but not too subtle diversion of topic whenever dangerous lines of inquiry are indicated or foreshadowed; a texture of assertion and qualification designed to confound judgment; protestations of the obvious and the unchallenged; indignant emphasis on the unimportant, as in the account by Sergeant Bates of the order of giving the warning, whether before or after one or two questions had been put of no significance whatever, whereas, in having only his innocence to convey - as, at all times he has vigorously insisted, - he should have scorned a warning; the substitution of fictional for vital elements in events, as in the phone message of January 1957; the obvious attempts to dissociate Farris from personal connection with the share acquisition in order to protect his statement of 1958 that he knew nothing of the distribution to "clients" of the 14,000 share allotment to Continental, a statement made in turn for the converse purpose of protecting the name of Justice Landreville from being introduced as the recipient of shares through the hands of Farris, maintaining the primary secrecy because of his being a public servant.

Facing this is the testimony of McGraw and Dulian and the evidence of Continental's accounts, which reveal the hidden portions of the facts narrated. The unhappy consequence to one of these two men persists in raising the question, why the resort to such courses of action as were taken? The patent impatience and eagerness of the then Mayor for some definiteness about shares -- within, as he now says, one hour or so after the third reading of the by-law on the night of July 17, 1956; the contrived letters of July 20 and July 30, and their concealment; the "cloak and dagger" procedure of allotment; the failure of

Justice Landreville to appear before the hearing of 1958 notwithstanding that his name was on the lips of gossip throughout the province; the published assertion in "MacLean's" and the Toronto "Star" that he had bought the shares for "cold cash" - meaning in the same sense as is indicated in the memo of October 18 "that he would send a cheque for a block of them" - when in fact not one cent had been paid out by him: these extraordinary items of conduct by a Mayor and a Superior Court Judge remain unexplained except by the inferences drawn. His oft-proclaimed desire to "set the record straight" has been barren of performance. All that is offered to neutralize the effect of these astonishing particulars has been set forth in this report: what is urged is denial, explanation and modification: but the denials have been effectively refuted by the facts, and the explanations and modifications are inadequate.

The Justice, a Crown witness in the perjury prosecution, exemplified another characteristic, readiness to acquiesce with intimations of vagueness in qualification to the extent of nullifying what had previously been given in dogmatic terms. Here is an example:

Prelim- Q. And the tentative agreement under which you were to become
inary In- an officer of Northern Ontario and acquire a share position
quiry "and did" (ended), of course, on your appointment to the
Cross- Supreme Court Bench?

examina- A. Exactly. (This is drawn from the letters of July 20 and 30,
tion a conclusion unwarranted: there was no "agreement" in any
pp. 114, real sense of the word, of any sort.)
115 Q. So that the letter was merely historic (sic) and then when
Mr. Farris spoke to you on the telephone (October 8) and
congratulated you, as I understand it, either he or you
mentioned the 10,000 shares, is that correct?
A. Exactly.
Q. And you said you were still interested?
A. Yes.
Q. And that was the last time you discussed the shares with
Mr. Farris?
A. Exactly.
Q. Yes. And then sometime earlier in 1957 you had a telephone

call from Vancouver and you believe it was from Continental Investment, is that right?

A. Of course, after seven years, without using the benefit of after-acquired knowledge, I can say that according to my memory it was Continental.

Q. It was Continental. In any event, it was certainly not Mr. Farris?

A. It was not Mr. Farris, definitely.

p. 115

Q. Yes. And then you instructed Continental to send the 2,500 or 7,500, at least, either to you or your broker, is that correct?

A. Well, as I - that is putting it in a very express way, but that would be the general purport of the result of that conversation.

p. 116

Q. Yes. But the only point I'd make, Sir, is that from and after your conversation with Mr. Farris, in or about October of 1956, so far as you are concerned he had nothing to do with the transaction?

A. That is correct.

Perjury

Trial

p. 690

Q. Your best recollection is that telephone message came from Continental Investments in Vancouver and not Farris?

A. Definitely not Farris.

pp. 691,
692

Q. You did send the receipt back, & . . and that is your signature? (The receipt for the shares)?

A. Yes. ...by repetition sometimes one alters their opinion and I have stated I was under the impression that I had got a telephone call advising me this stock was worth \$10 and it was on that information that instructions were given to dispose of sufficient stock to pay my account. That is the impression I have. In short, it just didn't fall out of thin air. I knew the stock had risen in price before receiving the letter, Exhibit No. 13 (of February 12, 1957).

Q. Your best recollection is that you had been told that by telephone and you had given instructions to sell enough to pay your account?

A. Even if one didn't tell me, even if Continental didn't telephone me, if one has stock that they bought at \$2.50 and it is now worth the next morning \$10 he will sell immediately to recoup his investment.

Present Q. You are positive that this person who phoned you, if
Commission this person phoned, it wasn't Farris?

pp.1153, A. It wasn't Farris and when this letter of February 12
1154, came to me, my definite impression, when I received it,
1155 it was being expected. It hadn't come out of the blue
sky, unexpected.

Q. No one is suggesting that, but if it wasn't Mr. Farris
and it wasn't Convesto, who was it?

A. I can't answer that question.

Q. Somebody did it?

A. Somebody did.

Q. And the only persons who knew anything about it were the
Directors of NONG and Mr. McGraw.

A. True.

Q. So it must be between them?

A. It must be between them.

Q. And Mr. McGraw denies it.

A. Mr. McGraw denies it.

Q. And whom have you left?

A. Well, you have the Directors and Farris.

Q. And you think it might have come from one of the other
Directors?

A. It may, I don't know.

Q. Well, you are really at large. It might have come from
anybody.

A. Well, I am under the impression that I gave instructions
to sell.

Q. You see, I think your memory is playing you false. It
strikes me that, in effect, what Mr. Farris did tell you
was what the Board of Directors had done five days before
in New York?

A. Sir, if you accuse me of having a false memory on that score,
I will bow to your opinion.

Q. I am suggesting that that is the most likely.

A. It may very well be.

At the meeting of directors in New York on January 17, 1957, and as
previously stated, there were present Farris, Clark, Welters and Dickson; Clark
has denied on oath having any knowledge of the stock transaction with Justice
Landreville. Welters, a business executive, in an investigation in Vancouver
of this same matter, swore to the same effect; and Dickson is a resident of
New York. Admittedly the active work of the company was carried on by Farris
and Clark. These details are furnished simply to close the most remote possi-
bility of the phone call having been from anyone except Farris, an abundance
of caution which may be considered quite unnecessary.

The circumstances of that phone message are important enough to call for these further remarks. After persistent denials in three hearings, and especially in the perjury proceedings, Justice Landreville acquiesced before this Commission, in the suggestion that his memory was playing him false, and that it was Farris who had called and had given him the information about the shares and Continental; and that fact is made absolute with or without that acquiescence, by McGraw's evidence. This incident is conclusive of the de facto misleading of the Securities Commission and the provincial courts: and since the Justice is not a stupid person, nor one without a memory - and this incident is not one to be forgotten - we are remitted to the device of confusion through vagueness and qualification. Loyalty here to Farris became disloyalty to the Law and Courts of his province.

The inquiry moves then to the relation of indicated findings to the judicial office held by Justice Landreville. The British North America Act in Section #99 provides:

99. (1) Subject to subsection two of this section, the Judges of the Superior Courts shall hold office during good behavior, but shall be removable by the Governor General on Address of the Senate and House of Commons.
- (2) A Judge of a Superior Court whether appointed before or after the coming into force of this section, shall cease to hold office upon attaining the age of seventy-five years, or upon the coming into force of this section if at that time he has already attained that age.

No question is raised of misbehavior in the discharge of judicial duty; the inquiry goes to conduct outside that function. What is to be examined consists, first of matters surrounding the negotiation for and the acceptance of 7,500 shares of stock following the granting of the gas franchise by Sudbury; secondly, of conduct thereafter in relation to the investigation of that acquisition by the Mounted Police, the Securities Commission of Ontario, indirectly by the Courts of the Province, and finally directly by this Commission.

The acquisition was the conclusion of relations which bear in their train a deep suspicion of impropriety. It is originally related to Justice Landreville as Mayor, as a reward for influence in bringing about the grant of the franchise or in hastening the grant, and possibly looking also to future relations with the community of Sudbury as they might be made more harmonious by the support of a man prominent and capable of influencing public opinion. It is clear that once an all-Canadian route for the pipe line had been settled, the introduction of gas to Sudbury, though it faced a heavy cost for the lateral from North Bay, was inevitable. The scheme promised a boon to the whole northland; delay was the most that could ultimately be brought against it; but that would not have been tolerated for long. But the urgency in the spring of 1956 was real and the considerations focussed were weighty. They might be looked upon as in any event overriding any adverse influence of the Mayor, but that would not affect the character of an agreement if any, to advance NCNG's interest. Notwithstanding these possibilities, the acquisition can reasonably be associated with his action from the latter part of April to the conclusion on July 17, 1956, and beyond doubt public opinion tends to attribute, not unreasonably, the one to the other.

When the donee of such a gift with such a background is a member of the highest Court of a province, is that an act or dealing beyond coercive control? What it tends to do is to shackle the independence of the recipient; and where the office calls for the exercise of judgment or discretion, in the adjudication of conflicts of interests between third persons, the possibility of improper even unconscious influence is too obvious to be given easy toleration.

Some observations of Justice Landreville in the letter of September 19 are here relevant; his description of judges: "An all-inspiring (sic) unapproach-

able, staid class of people"; his concern for the future: "I want to assure you that my interest in your company, outwardly aloof, will, nevertheless, remain active"; his keenness for the promise of shares, "I am keeping your letter of July 20 carefully in my file". This letter was addressed to "Ralph" and signed "Leo". Making all allowances for a tendency to display cleverness and for the speech and thought of one familiar with the market place, these are strange remarks from a person just about to enter into membership of a Supreme Court; it demonstrates an astonishing insensitiveness to the plenary importance of that public office. The one absolute condition required of a Judge is a free mind, untrammelled in judicial action by foreign or irrelevant interests, relations or matters which might color or distort judgment.

Judges are human beings and they are subject to patterns of thought, attitudes and emotional responses passed down in their societies through centuries. But the mind possesses the faculty of becoming aware of much of its own tendencies; and, apart from deeply implanted assumptions of the subconscious, it can be affirmed that in the overwhelming majority of the judicial officers of this country, issues presented are dealt with as if the parties before them were anonymous. That the dangers of close acquaintance and intimate personal relations are to be guarded against by abstention from any participation in matters which may involve them, is a rule ethically obligatory in our courts. In countries of the Western tradition there have been derelictions; judges have been unfaithful to their office and their country; but their number and the occasions have not been significant. "Outwardly aloof, my interest in your company will remain": "your company" might easily become engaged in disputes; already there have been two gas explosions in Sudbury, one causing serious injury to a person and damage to a home; there may be contention over

rates and other features of service which might reach the courts; possibilities of this sort abound. If the language is to be taken literally and seriously, words could not be more repulsive to any person holding the courts in high respect. For one whose relations toward others are easily charged with emotion and are influenced inordinately by acts of financial liberality, as seems to be the case here, the expressions can be taken only as demonstrating disqualification for the function: if its influence could be present in one case it could equally be so in others.

Such an attitude, such an act of assurance, followed by the acceptance of such a gift, issuing from circumstances clouded by deep suspicion, make up conduct incompatible with the standards of probity, detachment, independence of mind and fidelity to duty which appertain to judges. Followed by the message of February 16, 1957, "Should I be of any assistance to your firm for the promotion and betterment of this company in Ontario, please do not hesitate to contact me", it is sufficient and calculated to destroy, certainly, to impair materially, public confidence essential to the administration of justice under the rule of law. It was said that the first cracks in the structure of the German state before the last war appeared in the degradation of its courts; justice had come to be the whim of a despot; against the danger of impairment of independence and impartiality we must remain alert and uncompromising.

His conduct as a witness and in extra judicial action is of an equal if not of a greater infringement of the standard of conduct demanded of a judge: the facts show an astonishing departure from what is dictated by an elementary conception of a judge's personal behavior. By a course of presenting a confused picture of facts before judicial and administrative tribunals, the purpose of discovering the truth of certain matters sought by both an important agency of

government and by courts of the province, has been or has attempted to be frustrated. That conduct was to prevent disclosure of facts touching the administration of regulations relating to shares and securities of a company incorporated in Ontario; and to protect directly an official of that company in a prosecution for perjury arising out of such matters. The desire of the Justice in each case was to shield both himself and the other and is quite understandable. But the moral standard for a judge in his private capacity cannot admit such an interference with the course of government or of the proceedings of courts of justice. That is the duty of every citizen but it is supremely so for a judge: he cannot make his conduct an example of tolerated obstruction.

The following statement by the Justice in the 1962 hearing is relevant to this report:

Securi-
ties Com-
mission,
1962
p. 177

I am conscious of my position and I am conscious of the reflection on the Bench and I am conscious, as well, of the wide publicity given throughout the province where my wife receives phone calls from friends, long distance, saying, 'We are so sorry to hear about Leo but we do not believe it'. In other words, the general public has attempted, contrary to the rule of law, of taking a man to be guilty until he proves himself innocent. And, my position on the Bench, is a most uncomfortable one until this matter is settled. I can hardly sentence a man before me for theft when he looks at me and implies I am one, too, except they haven't found me guilty. That is an implication I cannot bear in my office and I want that known and, in reflection, to your Commission, I want you to keep in mind when you make a report -- when a verdict would be given in a Court of Law of not guilty from a jury, because many times, then, I proceed to address the prisoner and say, 'You are lucky, the Crown has not succeeded in proving this case although there is much to it'. I know you will deal fairly with this.

This makes unpleasant reading but it reflects reality.

The unpleasantness of the matter investigated cannot be allowed to minimize its derogatory character. There was conscious contempt before all

three tribunals; it may or may not have passed the borders of criminality; but to confuse, to raise doubts by the juxtaposition of contrived and emphatic assertion and nullifying qualifications and reservations, is not to be distinguished in effect from deliberate falsity.

It is perhaps unnecessary to say that the resolution of the Benchers of the Law Society of Upper Canada submitted to the Minister of Justice has played no part whatever in arriving at the conclusions of fact set out in this report. Its only relevance is that that governing body has seen fit to seek an inquiry into matters for several years the subject of wide public concern: no challenge to the propriety of such a request from a body having such an interest in the administration of Justice has been or could be made. A copy of that resolution is annexed as Appendix A of this report.

That such conduct is a breach of the duty which our conception of the judicial office sets for a judge cannot, in the opinion of the undersigned, admit of any doubt. He is sworn to the administration of Justice as our evolving ethical intelligence has fashioned it; but that obligation is not limited to the adjudicative role. He comes under another but equally sensitive duty, to respect the Law which he administers and to promote its processes to their proper ends. For a judge in his private capacity so to impede and defeat those processes is a grave dereliction, a gross infraction of the canons of conduct governing him.

Mr. Robinette properly stressed the independence of judges and, rightly conceived, that principle admits of no limitations. It enables the guarantee of security to the weak against the strong and to the individual against the community; it presents a shield against the tyranny of power and arrogance and against the irresponsibility and irrationality of popular action, whether of opinion or of violence; it enables the voice of sanity to rise above the turbulence

of passion; and it is to be preserved inviolate. But what does the independence of judges imply? That can be nothing short of this: that the minister to whom such an authority is committed shall himself be the first to respect what has been entrusted to him, the administration of the rule of Justice under Law, including loyalty to its institutions. The public acceptability of character for such a function is of that which exhibits itself in action as beyond influences that tend to taint its discharge with alien factors.

Vital damage to a state would be the impairment of that independence; its constitutional character is essential to the public acceptance of our mode of resolving conflicts. Judgments may be criticized: they may call for legislative amendment; but the underlying basic assumption is the intellectual and moral integrity of the judicial officer in the execution of his office. Only under a regime of Law can societies today be maintained in peace and freedom: its administration must carry the respect and acceptance of the public as being of the character postulated. Impartiality must mark judgment to the extent possible to men; our court system is the result of a thousand years of experience; and so far as it may be imperfect the answer is that man is imperfect. But it stands favorable comparison with any other system of mankind; and the preservation of the essential quality of freedom in its ministers from influences foreign to its processes, conscious or unconscious, is a supreme necessity. The governing fact in that condition is the susceptibility of the mind so influenced, the confirmation of which exhibits a moral sense incompatible with the judicial essence.

Before the 13th century, in the administration of our Common Law, men were looked upon as untrustworthy for passing judgment upon fellow men, and the Ordeal the acceptable test of guilt or innocence, right or wrong. We knew now

that men can reach and continue in disinterested and acceptable objectivity in adjudication but only on the assumption of fidelity and integrity; the independence and tenure of judges, necessary to their function, have a specific test of the violation of duty: the justified forfeiture of public and professional moral confidence.

The Order in Council setting up this Commission puts the question in these words: "Has Justice Landreville, by such dealings (with NCNC, its representatives or its shares) proven himself unfit for the proper exercise of his judicial functions". It is not that disabling acts must reach to criminality, although they may; and a number of possible modes of behavior were suggested as relevant to the test to be applied. When the function of the judge is fully sensed, to hear, weigh, and, according to law, to decide justly, to do so in a manner which fair-minded persons acting normally, expressing in fact enlightened public opinion, would approve, determining unfitness in a judge, at least in the statement of principle, does not perhaps present as much difficulty as might be imagined. That principle would seem to be this: would the conduct, fairly determined in the light of all circumstances, lead such persons to attribute such a defect of moral character that the discharge of the duties of the office thereafter would be suspect?; has it destroyed unquestioning confidence of uprightness, of moral integrity, of honesty in decision, the elements of public honor? If so, then unfitness has been demonstrated.

There are other forms of misconduct which might bring about such a loss of confidence; persistent neglect of duty, persistent incapacity arising from drink or similar causes; deliberate refusal to accept and apply unquestioned rules of law to the detriment of suitors; following a life of profligacy; these matters of difficult determination would depend upon their circumstances; but

this inquiry is presented with special and specific conduct; and it is unnecessary to enter upon the examination of any other class or kind.

Our history presents some precedents of assistance to the question raised. In England there have been two cases of impeachment for misconduct of Lord Chancellors: one, Lord Bacon charged in 1620 with accepting gifts from suitors; and Lord Macclesfield in 1725 charged with trafficking in the offices of Masters in chancery, and with irregular use of funds in court. Bacon admitted the charges; Macclesfield was found guilty. Extenuation was urged of a practice running back several centuries for judges to accept gifts from suitors, and to receive money on appointments made. In 1865, conduct of Lord Chancellor Westbury was in the House of Lords made the subject of inquiries. Two motions to refer certain matters to a Select Committee were offered; the first, to inquire into the circumstances in which a defaulting clerk of Patents upon restitution, in part, of defalcations, was allowed to resign, and was recommended by the Lord Chancellor for a pension on vacating an office in the House of Lords, an office to which Lord Westbury appointed one of his sons; the second involved the resignation of a Registrar in Bankruptcy, suspected of financial manipulations in office who also was granted a pension through the action of the Chancellor. The successor to the office, Wilde, was alleged to have been appointed as a means, through his subsequent resignation or transfer, to the appointment of another son of the Chancellor, the sum of £ 500 allegedly having been loaned to the son for his services in persuading his father to appoint Wilde. Steps had been taken toward transferring Wilde to another district and installing the son to the extent of drawing up the necessary orders, when the Lord Chancellor changed his mind and the plan dropped. No objection was made to the appointment by the Lord Chancellor of

relatives; what the motion was directed against was the scheme of vacating and filling the office in the course of which he had allowed a petition for pension to be presented to a Committee of the Lords without apprising it of the circumstances under which the resignation had taken place.

On the first, the committee condemned the judgment but not the honor of the Lord Chancellor; on the second, he was acquitted of the charges except that of a laxity of practice and a want of caution in regard to the public interest in the grant of the pensions, which was considered calculated to excite the gravest suspicion and to discredit the administration of the office. Personal corruption was not in either case charged. In the course of the former, Lord Westbury sought to be allowed to resign but the Prime Minister, Lord Palmerston, would not hear of it: but at the conclusion of the latter, his resignation was accepted. Lord Westbury, it should be added, was a man of outstanding ability which had been and continued to be applied to important measures of legal reform. In the years following he attended appeals in the House of Lords and Privy Council and was twice offered a Lord Justiceship which he refused: but even such a man could not, in what might be looked upon as relatively venial misconduct, in which no personal enrichment was involved, escape the judgment of deprivation of office.

In an account of complaints made to Parliament in England against members of the judiciary entitled "Tipping the Scales" by Mr. Henry Cecil, published in 1964, it appears that between 1700 and the Profumo affair the conduct of 17 High Court Judges has been complained of in Parliament of which 9 were English, 1 Welsh and 7 Irish. The grounds of the complaints against the English judges can be shortly stated.

The first was in 1721 against Baron Page, of the Exchequer Court and

the charge was that he had endeavoured to corrupt the Borough of Banbury by offering a bribe for its representatives to choose a certain person as a candidate in a coming election. A motion that the charge was proven was defeated by a vote of 128 to 124.

The next was levelled against Lord Ellenborough, a famous Chief Justice, that as a member of a Commission assigned in 1805 to enquire into the conduct of Caroline, Princess of Wales, he had mis-stated to the House of Commons the evidence given by one of the witnesses. The evidence had not been taken down in shorthand but by the judge himself and the form was more or less that of a narrative. In 1813 the reply was made in the House of Lords by the Chief Justice and, upon an impassioned repudiation by him of the suggestion, the matter ended.

A second complaint in 1816 was made against the same judge by Lord Cochrane. The latter had been charged as a conspirator in circulating a rumour of a great English victory on the Continent as a result of which the price of Government stocks rose rapidly to the benefit of a number of men, including himself. The charge was tried before Lord Ellenborough and the complaint alleged partiality, misrepresentation, injustice and oppression in the Chief Justice in the course of the proceeding. There was no suggestion of improper motive and the complaint involved only the manner of conducting a criminal trial. At that time the accused could not be heard as a witness, and there was no Court of Criminal Appeal to which resort could be had. What was emphasized was that for the House to deal with such a matter there must be some moral delinquency, "improper motive", "badness of heart", "a corrupt mind". The motion to refer the petition to a committee was unanimously rejected.

In 1821 a complaint was made against Mr. Justice Best. It was based on occurrences in a trial for blasphemous libel during the course of which the

accused had been fined on three occasions, as in contempt, for statements he insisted in making. Justice Best by one member of the House was described as an "intemperate judge". An appeal had been taken to and dismissed by the Court of King's Bench. The motion to refer the matter to a Committee was defeated by a vote of 64 to 37.

In 1843 complaint was made against Lord Abinger, Chief Baron of the Court of Exchequer. In addresses to Grand Juries at Chester and Liverpool he had inveighed against the Chartists for proposing, among other things, universal suffrage, vote by ballot and payment of members of Parliament. Their conduct, as described by the Attorney General, "verged upon the crime of treason", and in general he justified the addresses as proportioned to the state of things attributable to that conduct. One speaker formulated the rule to govern to be "has there been manifested ... a badness of heart and a corrupt intention which have contributed to the perversion of his judgment". The House rejected the motion to refer to a Committee.

In 1867 Lord Chief Baron Kelly was the subject of a petition presented to the House of Lords charging him with having "pledged his honor as a gentleman" to the truth of a statement made for the purpose of deceiving a Committee of the House of Commons. At that time, the Committee was considering whether Mr. Kelly, as he then was, had been guilty of bribery or illegal practices at an election. He had been held guiltless but his friends and agents had been found guilty and he was unseated. The alleged deception had been in relation to the Chief Baron's acquaintance with a certain man. The charge, in the light of circumstances, was so unfounded that the petition was withdrawn but it indicates the character of act which could be the basis of an enquiry and consequently of an address for removal.

In a motion in 1906 to consider the partisan and political character of the conduct of Mr. Justice Grantham during the trial of an election petition the Attorney General expressed his view that "there must be a moral element present in the misconduct or misbehavior". He quoted a remark of Sir Robert Peel in 1834 when a case of an Irish judge was being enquired into: "To warrant a motion for the removal of a judge there must be corruptive partisanship, intentional moral delinquency".

In 1911 Mr. Justice Grantham had made a violent address against what had been said in the House of Commons on the motion to consider his conduct in the election case. Among other things he referred to "the birth, parentage and life of the lies that were then uttered in the House of Commons". These remarks were raised in the House with the result that the Prime Minister concluded the discussion with this statement: "In the hope and belief that this unanimous verdict of censure (of professional and public opinion) may prevent a recurrence of an incident so inconsistent with the judicial character and the best traditions of the Bench, they (the government) do not propose to invite Parliament on this occasion to take the extreme step of Addressing the Crown for the removal of the judge".

The last of these cases was against Mr. Justice McCardie in 1924. In a libel action the conduct of General Dyer at Amritsar in India came in question and in his address to the jury the Justice used this language: "The question whether General Dyer acted rightly or wrongly is for you. I said in the course of my opening words to you that I should express my own opinion on certain things subject to your own judgment. Speaking with full deliberation and knowing the whole of the evidence given in the case I express my view that General Dyer in the grave and exceptional circumstances acted rightly and in

my opinion he was wrongly punished by the Secretary of State for India". The Prime Minister made a statement in which, while admitting that the Judiciary had a right to pass judgment on the Executive, he said: "However unfortunate the words have been, they clearly do not constitute the kind of fault mounting to a moral delinquency which constitutionally justifies an address as proposed".

In the United States, apart from examples of the judiciary, we have, during the past ten years, seen a plethora of instances of gifts to persons occupying important public offices; "Conflict of interest" has become a household phrase and a shibbolethic weapon of political warfare; the many resignations which such gifts have brought about not only in public but in private service, indicate the recognition of the subtle influence they can generate.

Examples are less uncommon in the political field. Three arose out of the distribution of shares in NONG. In 1956, the Hon. Leslie Frost, Premier of Ontario, stirred by the rumors of scandal in the distribution of these shares, issued a directive that they should not be bought or if already bought, should be disposed of by all Cabinet members. Prior to this the Minister of Mines had acquired many through his nephew, Kelly McLean, already mentioned. Subsequently to the directive, the Minister had sold, apparently at a low price a few hundred to each of two other members of the Cabinet. In 1957 Kelly having resigned from the government, admitted not having disposed of the NONG shares as had been called for. When the purchase by the other two came to knowledge of the Premier, their resignations were thought to be necessary. The names of the three quickly spread over the province; but in fact two of them had played no part in any feature of the gas introduction or the promotion in any way of NONG. The fact itself of a dealing in shares of a company engaged in such an undertaking involving municipal and governmental relations, in view of the directive, was the decisive factor in their withdrawal.

A somewhat similar episode took place in England in 1912-13 in what has been called the Marconi Scandal which is fully recounted in a book by Frances Donaldson, published in 1962. Shares of an American Marconi company had been acquired by the Chancellor of the Exchequer, then David Lloyd George, the Attorney General, Sir Rufus Isaacs, and Lord Murray, Master of Elibank, Chief Government Whip. A large interest in the American company was held by an English Marconi corporation. The latter had entered into an agreement with the Postal Department of the British Government for a chain of wireless stations to put different portions of the Empire into communication with one another, a valuable contract. The Managing Director of the English company, Godfrey Isaacs, was a brother of the Attorney General. He had sold about 10,000 shares in the American company to the latter who had in turn and at the same price sold 1,000 shares each to the Chancellor of the Exchequer and to the Master of Elibank. Other purchases and sales were made by the persons involved but they do not change the character of the situation thus created. The matter became a subject of public controversy and finally reached a Select Committee of the House of Commons. The findings as finally resolved by that House acquitted all three of any personal corruption, but it was admitted even by those immediately concerned that they had been indiscreet in the purchases. What is important are statements in the House of Commons by the then Prime Minister, the Right Honorable H.H. Asquith, and others, on the rules to be applied in such situations:

Mr. Asquith:

The first, of course, and the most obvious is that Ministers ought not to enter into any transaction whereby their private pecuniary interests might, even conceivably, come into conflict with their public duty. There is no dispute about that. Again, no Minister is justified under any circumstances in using official information, information that has come to him as a Minister, for his own private profit or for that of his friends. Further, no Minister ought to allow or to put himself in a position to be tempted to use his official influence in support

of any scheme or in furtherance of any contract in regard to which he has an undisclosed private interest. That again is beyond dispute. Again, no Minister ought to accept from persons who are in negotiation with, or seeking to enter into contractual or proprietary relations with the State, any kind of favour. That, I think, is also beyond dispute. I will add a further proposition, which I am not sure has been completely formulated, though it has no doubt been adumbrated in the course of these debates, and that is that Ministers should scrupulously avoid speculative investments in securities as to which, from their position and their special means of early or confidential information, they have or may have an advantage over other people in anticipating market changes ...

Those, in my opinion, are rules of positive obligation ...

I go a step further, and I say that I think in addition to those rules, which I have described as rules of obligation -- because it seems to me that they have an ethical value and sanction, as well as being based on grounds of expediency and policy -- there are, or there certainly ought to be, rules of prudence specially applicable to Ministers and to persons in positions of official responsibility, rules which perhaps never have been formulated and which it would be very difficult to formulate in precise or universal terms. One of these rules is that in these matters such persons should carefully avoid all transactions which can give colour or countenance to the belief that they are doing anything which the rules of obligation forbid. It was that rule, which I call a rule of prudence, which, in my opinion and in the opinion of my right hon. friends and colleagues, was not fully observed, though with complete innocence of intention, in this case.

The resolution moved by Mr. George Cave for the opposition was this:

That this House regrets the transactions of certain of His Majesty's Ministers in the shares of the Marconi Company of America, and the want of frankness displayed by the Ministers in their communications on the subject to the House.

The rules suggested by him which a Minister of the Crown must observe were put in this form:

- 1/ In choosing his investments he should not make use of confidential information which comes to him as a Minister of the Crown; 2/ he should not invest in companies whose profits or dividends depend directly or indirectly upon contracts entered into with the Government; 3/ he should not receive, in relation to his investments, or for any other purpose, any favor or advantage direct or indirect from a person contracting or proposing to contract with the Crown.

An amendment was proposed by Mr. Buckmaster, as follows:

That this House, after hearing the statements of Mr. Attorney General and Mr. Chancellor of the Exchequer in reference to their purchase of shares in the Marconi Company of America, accepts those statements, and deems it right to put on record its reprobation of the false charges, of the gravest description, brought against Ministers, which have proved to be wholly devoid of foundation.

on which Sir Edward Grey made the following remarks:

What you want is not to lay down any absolute rule, but to ensure that you have men in public life who can be trusted, when private interest does conflict with public duty, to put private interest on one side. Those men are men who are sensitive about their reputations, and unless the House repudiates, and repudiates vehemently, reckless attacks when they prove unfounded, those are the sort of men to whom you will make public life impossible.

The amendment was carried by a majority of 78.

The rules as stated by the Prime Minister are applicable to Ministers and others in official positions including judicial officers. While different relations and surroundings mark the roles of Ministers and Judges, the standard of conduct cannot be said to be less in the latter than in the former. Rather to the delinquency of a judge the public reaction is deeper because, among other things, confidence is more firmly embedded.

The cases of David Lloyd George and Sir Rufus Isaacs are significant in the attention given to their conduct in answering the charges. There was a full and honest disclosure both to the Select Committee and later to the House of Commons; but in both these bodies sharp inquiries were made why such a disclosure had not been made when the matter was first broached in the House; and what brought the two cases within the rule of prudence enunciated by the Prime Minister was the proof beyond a reasonable doubt that they were innocent of wrongdoing. That is the implied condition of the rule and nothing less can be applied here; the principles of independence and tenure require it.

Drawn from the foregoing facts and considerations, the following conclusions have been reached:

I - The stock transaction between Justice Landreville and Ralph K. Farris, effecting the acquisition of 7,500 shares in Northern Ontario Natural Gas Company, Limited, for which no valid consideration was given, notwithstanding the result of the preliminary inquiry into charges laid against Justice Landreville, justifiably gives rise to grave suspicion of impropriety. In that situation it is the opinion of the undersigned that it was obligatory on Justice Landreville to remove that suspicion and satisfactorily to establish his innocence, which he has not done.

II - That in the subsequent investigation into the stock transaction before the Securities Commission of Ontario in 1962, and the direct and incidental dealing with it in the proceedings brought against Ralph K. Farris for perjury in 1963 and 1964 in which Justice Landreville was a Crown witness, the conduct of Justice Landreville in giving evidence constituted a gross contempt of these tribunals and a serious violation of his personal duty as a Justice of the Supreme Court of Ontario, which has permanently impaired his usefulness as a Judge.

III - That a fortiori the conduct of Justice Landreville, from the effective dealing, in the spring of 1956, with the proposal of a franchise for supplying natural gas to the City of Sudbury to the completion of the share transaction in February 1957, including the proceedings in 1962, 1963 and 1964, mentioned,

treated as a single body of action, the concluding portion of which, trailing odours of scandal arising from its initiation and consummated while he was a Judge of the Supreme Court of Ontario, drawing upon himself the onus of establishing satisfactorily his innocence, which he has failed to do, was a dereliction of both his duty as a public official and his personal duty as a Judge, a breach of that standard of conduct obligatory upon him, which has permanently impaired his usefulness as a Judge.

In all three respects, Justice Landreville has proven himself unfit for the proper exercise of his judicial functions.

The undersigned desires to express his thanks and appreciation to the Attorney General of Ontario, the Hon. A.A. Wishart, for making available to this Commission the records of the Securities Commission bearing on the matters in question, as well as the valuable assistance of Mr. H.S. Bray, Mr. H.R. Huxley and Mr. W.H. Chisholm; to Wm.G. Morrow, Q.C., for his most capable and thorough work as counsel; to Mrs. H.M. Roney for her competent services generally and as Clerk of the Hearings; to Mr. William Kinsey for his assistance as an Accountant; and to the members of the Department of Justice for their prompt attention to all requests made of them.

All of which is respectfully submitted.



Ottawa, August 11, 1966

The Commissioner

APPENDIX A

SEAL

THE LAW SOCIETY OF UPPER CANADA
Osgoode Hall
TORONTO 1

I, W. EARL SMITH, Secretary of the Law Society of Upper Canada, certify that attached hereto is a true copy of a Report by a Special Committee re Landreville J. appointed by the Treasurer of the Law Society of Upper Canada. The Report is dated March 14, 1965, and was adopted by Convocation on April 23, 1965.

Dated at Osgoode Hall, Toronto, this 26th day of April 1965.

W. Earl Smith

Secretary,
The Law Society of Upper Canada

TO THE BENCHERS OF THE LAW SOCIETY OF UPPER CANADA

IN CONVOCATION ASSEMBLED:

The SPECIAL COMMITTEE RE LANDREVILLE J. begs leave to report as follows:

At the meeting of Convocation of the 15th January 1965 it was moved and carried, that the Treasurer appoint a special committee to consider and report on what action, if any, should be taken by Convocation as a result of Mr. Justice Landreville's decision to continue to sit as a Judge of the Supreme Court of Ontario.

The Treasurer appointed a Special Committee consisting of Messrs. Pattillo (Chairman), R.F. Wilson, Fennell, Beament and Gray.

YOUR COMMITTEE SUBMITS THE FOLLOWING STATEMENT OF FACTS:

1. Prior to his appointment to the Supreme Court of Ontario as a member of the High Court, Leo Albert Landreville (herein called "Landreville") was the Mayor of the City of Sudbury.
2. Landreville was Mayor from January 1, 1955 until September 30, 1956, when he resigned to accept the appointment to the Bench.
3. Landreville said in his evidence at the trial of Regina vs Farris that he had openly expressed his intention to retire as Mayor and not stand for re-election in the Fall of 1956.
4. Landreville appeared as a witness before the Ontario Securities Commission on October 3rd and 4th, 1962. At his hearing he was represented by Mr. Barry Pepper, Q.C. and was examined by Mr. H.S. Bray, Q.C.
5. Landreville appeared as a witness in the Farris trial. His examination by Mr. Harvey McCulloch, acting for the Crown, commenced at the opening of Court on April 14, 1964 and was concluded at noon of that day.

6. Landreville appeared as the accused at a preliminary inquiry in the Magistrate's Court for the District of Sudbury before Magistrate March on September 29, 1964. He was charged that within two years prior to the 1st of February, 1957 he had agreed to accept a benefit as consideration to aiding and procuring the adoption by the City of Sudbury of a franchise agreement between the City and Northern Ontario Natural Gas Company Limited ("NONG"). The charges were dismissed by the Magistrate.

7. The Council of the City of Sudbury on the 17th day of July, 1956 gave third and final reading to a by-law, No. 56-58, authorizing the execution of a franchise agreement between NONG and the City to supply gas.

8. Prior to this date, the following matters had occurred:

- (i) By-Law No. 56-58 was given first and second reading in the month of May.
- (ii) At a public hearing held in Sudbury on June 11th the Fuel Board ordered that it was unnecessary to refer the matter of the franchise to the electors.
- (iii) On the 21st of June, 1956 a hearing was held by the Fuel Board in Toronto. The hearing was as a result of the application of NONG for a certificate of necessity to supply natural gas to the City of Sudbury and for the construction of the works necessary.
- (iv) Some time in the month of June or in the early part of July, and Landreville thought in his evidence that it was in the first week of July, he had a conversation with Mr. R. K. Farris, the President of NONG. Landreville asked Mr. Farris to make it possible for him to acquire 10,000 shares of NONG stock. He says

that the approximate price of 2.40 to 2.50 was discussed.

Nothing was concluded according to him, but Mr. Farris agreed that he would see what could be done.

9. On July 19, 1956 the Fuel Board set the date for its adjourned hearing for July 31st in the City of Toronto and gave notice of this fact to Landreville as Mayor.

10. By letter dated July 20, 1956, on the letterhead of NONG and signed by the Company and its signing officers Farris as President and Spencer Clark as Executive Vice-President, Landreville was advised that at a directors meeting of the Company held on July 18, 1956 Landreville's participation in the Company was discussed and it was resolved to offer him 10,000 shares at a price of \$2.50, the offer to remain firm until July 18, 1957. It could be accepted in part or whole at any time during the period of the option.

11. On July 30, 1956 Landreville wrote Mr. Farris and stated: "I fully intend to exercise this option before July 18, 1957."

12. On July 31, 1956 Mr. J. J. Kelly, who had been the city solicitor of Sudbury but had resigned as of July 6, 1956, and Landreville appeared at the offices of the Fuel Board for the scheduled hearing. Mr. Kelly and Landreville examined three witnesses at this hearing and subsequently, on August 3, 1956, Landreville prepared a memorandum for Council as to what transpired. He reported that the Board was satisfied at the conclusion of the hearing that a certificate of convenience and necessity should issue.

13. On August 15, 1956 the Board issued its order granting the certificate of public convenience and necessity to NONG.

14. In September, 1956, Landreville was appointed to the Supreme Court on Ontario.

15. Some time in the month of October, either before or after Landreville was sworn in as a member of the Court (the swearing-in ceremony was October 13, 1956), Landreville says Farris called him by telephone to congratulate him on his appointment to the Bench. He also says that in this conversation Farris asked him whether he still wanted the shares and Landreville said that if he could have them he wanted them.

16. On February 12, 1957 a John McGraw of the Continental Investments Corporation Limited of Vancouver wrote on the Corporation's letterhead to Landreville at Osgoode Hall. He said in part, "Some time ago we were instructed by Mr. R. K. Farris to purchase for your account 10,000 shares of NONG at \$2.50 per share. We have as at this date sold 2500 shares for your account at \$10 per share, which clears off the debit balance in your account. You will find enclosed 7500 shares of NONG with stock receipt attached."

17. Landreville before the Securities Commission said that Mr. Farris had told him at the time of his discussion in early July, 1956 that he should communicate with Continental Investments Corporation Limited ("Continental") in Vancouver, to arrange the acquisition of the shares. He said that he had written a letter to Continental but he could produce no copy of such a letter and none was found on the files of Continental. Landreville also said that some time in January, 1957 some one from Continental had called him and told him that the market price for NONG shares had reached \$10 and that they were holding 10,000 shares for his account and suggested that he sell 2500 shares to pay off the balance owing. He says that he orally gave firm instructions to do this.

18. Mr. R. K. Farris in a sworn statement to the Securities Commission said he was not aware of the disposition of certain shares of the capital stock of NONG allotted and issued to Continental on or about the 17th day of January, 1957. The 14,000 shares in question included the 10,000 shares credited to the account of Landreville by Continental. Farris was later charged with perjury based on the ground that this statement was false to his knowledge and convicted by Mr. Justice Wells and a jury.

19. The appeal of Farris to the Court of Appeal for Ontario from his conviction was dismissed. The Court of Appeal in upholding the conviction referred to and relied upon the evidence of McGraw as corroborated by other evidence. McGraw had testified that on the sole instructions of Farris his company, Continental, had acquired the 10,000 shares of NONG credited to Landreville's account, sold 2500 of these shares for \$10.00 per share and delivered the remaining 7500 shares in street form to Landreville.

20. On February 16, 1957 Landreville acknowledged the receipt of the stock in a letter to Continental.

21. On February 28, 1957 Landreville wired Mr. McGraw of Continental that he had sold his shares in NONG, although he in fact sold them over a period which ended in May, 1957.

22. Landreville at no time appeared in the records of NONG as a shareholder of that Company.

23. In his evidence before the Securities Commission Landreville
(a) flatly denied that he had acquired the option for the shares in consideration of doing anything directly or indirectly to assist NONG in obtaining the Sudbury franchise;

(b) claimed that he and Farris had become friends and that he asked Farris for the opportunity to make this investment and that Farris gave him the opportunity without any consideration whatsoever because, in Landreville's opinion, Landreville in the future could be of great assistance to NONG after he had returned to private practice of law;

(c) said that he was certain that he had told Judge Cooper, and he thought some of the members of the Board of Control, at or shortly after the third reading of the by-law, that he had requested stock.

(d) swore that none of the proceeds of the shares had been divided by him with anyone and that the proceeds were for the sole benefit of himself and his family.

24. In his evidence in the Farris trial Landreville again denied any connection between the acquisition of the shares and the granting of the franchise.

25. At the preliminary enquiry in Sudbury, Judge Cooper first gave evidence that he had no knowledge whatsoever of Landreville's acquisition of an option. On cross-examination he said he might have been told and it did not register in his mind because he was not interested.

CONCLUSIONS

26. At the time of the passing of the by-law granting the franchise the evidence is that Landreville had no enforceable arrangements with Farris. He did not even have an oral commitment to be given shares.

27. Landreville certainly had solicited the legal business of NONG to be given to him upon his retirement as Mayor of Sudbury.

28. The letter of July 20, 1956 signed by Farris and Clark alleged that the Board of Directors of NONG acted immediately the day following the

granting of the franchise to offer an irrevocable option good for a period of one year. In fact there is no minute recording such offer.

29. The shares were acquired and sold, and as a consequence Landreville benefitted to the extent of \$117,000.

30. On these conclusions there is no doubt that the Magistrate was correct in dismissing the charges against Landreville.

YOUR COMMITTEE SUBMITS THE FOLLOWING MATTERS WHICH ARE UNEXPLAINED,
AND UPON WHICH YOUR COMMITTEE CAN ONLY SPECULATE:

31. (a) Why did Landreville speak to Farris about obtaining shares in NONG prior to the third reading? If what Landreville says is true he could just as easily have spoken to Farris about the matter at any time in the future.

(b) Did Farris think that if he did not encourage Landreville to think that he might obtain shares in NONG, Landreville could kill the third reading on July 17th, particularly in view of the opposition of Kelly, Hennessey, Fabro and other members of the Council?

(c) Did Farris think that if he did not give the option to acquire shares to Landreville

(i) Landreville might effectively tie up the certificate of convenience and necessity, the final hearing of which was not fixed until July 19th and not heard until July 31st.

(ii) Landreville would insist on a separate company being formed for the franchise in Sudbury. It is pretty clear that such a separate company would have made the financing of NONG more difficult and its shares less attractive.

(d) When did the conversation about Continental take place between Farris and Landreville and why did Continental ever come into the picture at all if the proposal was that there be an option to acquire treasury shares from NCNG?

(e) Why were the 10,000 shares subscribed for and issued to Continental for the account of Landreville when he was holding an option to subscribe for such shares?

(f) Why did Farris lie to the Securities Commission if the transaction was as Landreville says it was because on the basis of Landreville's story there was nothing that Farris had to hide?

(g) What was the real arrangement worked out between Farris, McGraw and Landreville as to the payment for the shares, when was it done and how?

(h) How does Landreville explain his evidence as to the alleged letter written by him to Continental in or about July, 1956, and his alleged telephone instruction to Continental in January, 1957, to sell 2500 shares at \$10.00 per share in the light of McGraw's evidence that he had no communication with Landreville before February, 1957, and that the instructions to sell the 2500 shares came to him from Farris?

YOUR COMMITTEE REPORTS THE FOLLOWING INFERENCE THAT CAN BE DRAWN FROM THE FOREGOING QUESTIONS WHICH REMAIN UNANSWERED:

32. The fact that Landreville was given an opportunity to acquire shares at the same price as the original promoters of the Company and that the option was given immediately following the passing of the third reading of the by-law and for no apparent consideration, and that subsequently without any exercise of such option by Landreville he received 7500 shares free and clear, which he subsequently sold for \$117,000, and that when Farris was

first questioned about the matter he deliberately lied, support the inference that the acquisition of shares by Landreville was tainted with impropriety.*

THE FOLLOWING ARE THE OPINIONS AND RECOMMENDATIONS OF YOUR COMMITTEE:

The above recited facts are matters of public knowledge and are, in the opinion of your Committee, inconsistent with the reputation for probity required of one of Her Majesty's Judges for the due administration of justice in this Province.

As a consequence of these facts, the questions unanswered, and the inference which your Committee has drawn and which it believes the public has also drawn, YOUR COMMITTEE RECOMMENDS -

1. That the Benchers of The Law Society of Upper Canada in Convocation deplore the continuance of the Honourable Mr. Justice Landreville as one of Her Majesty's Judges of the Supreme Court of Ontario;

2. That the Secretary of the Society be authorized and directed forthwith to forward a certified copy of this report to the Honourable the Minister of Justice and Attorney General of Canada, the Honourable the Chief Justice of Ontario, the Honourable the Chief Justice of the High Court, the Honourable Mr. Justice Landreville, and the Attorney General for the Province of Ontario.

3. That the Treasurer of the Society be authorized to issue copies of this report to the press at such time thereafter as he may in his discretion deem fit.

All of which is respectfully submitted.

Dated - March 17, 1965.

"Arthur S. Pattillo"

Chairman

STAFF OF COMMISSION

W. G. Morrow, Esq., Q.C. Commission Counsel

Mrs. H. M. Roney, Commission Secretary

CONSULTANTS

H. R. Huxley, Esq., Investigator,
Ontario Securities Commission

W. D. Kinsey, Esq., Investigator, British Columbia
Securities Commission

APPEARANCES

J. J. Robinette, Esq., Q.C. Counsel for the
Honourable Mr. Justice Landreville

APPENDIX C

HEARINGS

Public hearings were held in four cities on
the dates listed beside the name of the city concerned:

Vancouver - March 14, 15, 16, 1966

Sudbury - March 21, 22, 1966

Toronto - April 4, 5, 6, 1966

Ottawa - April 25, 26, 27, 1966

APPENDIX D

Witnesses were called at each public hearing
as listed below:

Vancouver, British Columbia:

John Chester Grey, Jr.
C. Spencer Clark
Gordon Kelly McLean
Edward Dulian
Ralph K. Farris

Sudbury, Ontario:

Archibald Leslie McDonald
Grace Hartman
William Robert Stewart Edgar
Roy Rusk Jessup
Wilbur C. Jarrett
James Gardner Cormack
Alphege Royal Theriault
Peter Emil Guimond
Patrick Henry Murphy
His Honour Judge James Maxwell Cooper
William John Powell
Thomas Lawrence Hennessy
Joseph Joey Fabbro

Toronto, Ontario:

His Honour Judge Harry Waisberg
Ralph Douglas Parker
Dr. George Alan Harcourt
Gerald Joseph Monaghan
John Joseph Kelly, Q.C.
John Windows Tomlinson
Archibald R. Crozier
Arthur Raymond Bates
Assistant Commissioner R.W. Wonnacott
John McGraw
William D. Kinsey

Ottawa, Ontario:

Honourable Mr. Justice Leo Albert Landreville

APPENDIX E

LIST OF EXHIBITS

EXHIBIT NO. 1 - Order in Council P.C. 1966-128
Rand Inquiry re: Mr. Justice Leo A. Landreville

EXHIBIT NO. 2 - Trans-Canada Pipe Lines route map prepared by
National Energy Board in 1964

EXHIBIT NO. 3 - General map prepared by Northern Ontario
Natural Gas Company in 1958

EXHIBIT NO. 4 - Letter from Mayor Landreville to
Mr. J. Chester Grey dated December 7th, 1955

EXHIBIT NO. 5 - Letter dated May 3rd, 1956, with copy of
telegram to C. D. Howe attached, dated
May 3, 1956

EXHIBIT NO. 6 - Letter dated July 20th, 1956, from
Northern Ontario Natural Gas Company Limited
to Mr. L.A. Landreville

EXHIBIT NO. 7 - Minutes of a general meeting of the shareholders
of Northern Ontario Natural Gas Company Limited,
held in Toronto on the 17th day of July, 1956

EXHIBIT NO. 8 - Minutes of a meeting of the Board of Directors
of Northern Ontario Natural Gas Company Limited,
held in Vancouver on Wednesday, the 25th day
of July, 1956

EXHIBIT NO. 9 - Copy of minutes of meeting of Board of Directors
of Northern Ontario Natural Gas Company Limited,
of 17th January, 1957

EXHIBIT NO. 10 - Letter dated November 14, 1956, from Continental
Investment Corporation to Northern Ontario Natural
Gas Company Limited

EXHIBIT NO. 11 - Letter dated January 28th, 1957, from Continental
Investments Corporation to Northern Ontario
Natural Gas Company Limited

EXHIBIT NO. 12 - Letter dated September 19th, 1956, from
Mr. Landreville to Mr. Ralph K. Farris

EXHIBIT NO. 13 - Letter dated July 20th, 1956, from Northern
Ontario Natural Gas Company to Mayor Landreville

EXHIBIT NO. 14 - Schedule of shares by Mr. Gordon Kelly McLean

EXHIBIT NO. 15 - Letter from Mr. McGraw, Continental Investment Corp. Ltd. to Mr. G.K. McLean, dated February 12, 1957

EXHIBIT NO. 16 - Letter dated February 14th, 1957, from Mr. G.K. McLean to Mr. John McGraw

EXHIBIT NO. 17 - A blue slip of paper containing the number 487, being a list of shares

EXHIBIT NO. 18 - Copy of letter dated July 3rd, 1959, from Ross, Newborn & Co. to Continental Investments Corp. Ltd.

EXHIBIT NO. 19 - A blue general ledger sheet headed "Northern Ontario Natural Gas Company Limited - Com - Subscription"

EXHIBIT NO. 20 - Photostat copy of a cheque of Continental Investment Corporation dated January 28th, 1958, "Pay to the order of the Northern Ontario Natural Gas Co. Limited, \$35,000". Cheque No. 10613

EXHIBIT NO. 21 - Cheque stub headed "Continental Investment Corporation Limited: requisition for cheque in favour of Northern Ontario Natural Gas Co. Limited, debit, Northern Ontario Natural Gas Co. Limited - Subscription re: 14,000 Northern Ontario Natural Gas at \$2.50 - \$35,000.00".

EXHIBIT NO. 22 - Document headed "Continental Investment Corporation, credit brokers control, NONG - Subscription re transfer of 10,000 Northern Ontario Natural Gas at \$2.50 to Landreville". No. 7652

EXHIBIT NO. 23 - Document entitled "Continental Investment Corporation, debit contra L.A. Landreville re: 10,000 Northern Ontario Natural Gas at \$2.50 - instructions received from R.K. Farris - \$25,000." Number 7561

EXHIBIT NO. 24 - Yellow ledger sheet entitled "Client's Leger" - Mr. Justice L.A. Landreville, Sheet No. 1"

EXHIBIT NO. 25 - Document entitled "Continental Investment Corporation - credit Mr. Justice L.A. Landreville re R.K. Farris - account No. 1 - \$25,000 and transfer 2500 Northern Ontario Natural Gas - \$25,000." No. 7564

EXHIBIT NO. 26 - A document entitled "Continental Investment Corporation - debit R.K. Farris No. 1 re: entry \$25,000" No. 7563

EXHIBIT NO. 27 - Letter dated February 12th, 1957. from John McGraw to Mr. Justice L.A. Landreville

EXHIBIT NO. 27A - Copy of Exhibit No. 27

EXHIBIT NO. 28 - Pink copy of Receipt No. 478

EXHIBIT NO. 28A - Blue copy of Receipt No. 478

EXHIBIT NO. 29 - Client's Ledger, R.K. Farris,
commencing 22nd January, 1957

EXHIBIT NO. 29A - Client's Ledger, R.K. Farris, #1,
commencing February 13th, 1957

EXHIBIT NO. 29B - Client's Ledger, R.K. Farris, #1,
commencing May 16, 1957

EXHIBIT NO. 29C - Client's Ledger, R.K. Farris, #1,
commencing December 17th, 1958

EXHIBIT NO. 29D - Client's Ledger, R.K. Farris, #1,
commencing December 3rd, 1959

EXHIBIT NO. 29E - Client's Ledger, R.K. Farris, #1,
commencing April 10th, 1961

EXHIBIT NO. 29F - Photostatic copy of Client's Ledger,
R.K. Farris, #1, commencing August 31, 1962

EXHIBIT NO. 30 - Continental Investment Corporation Limited
statement addressed to Ralph K. Farris,
commencing 3rd of January, 1957

EXHIBIT NO. 31 - A ledger sheet entitled "Client's Ledger-
Mr. G.K. McLean"

EXHIBIT NO. 32 - Voucher No. 7566 dated February 12th, 1957,
broker's control NONG Company subscription
being the transfer of 800 Northern Ontario
Natural Gas at \$2.50 to Kelly McLean

EXHIBIT NO. 33 - Voucher No. 7565 "Client's Control, Kelly McLean,
800 Northern Ontario Natural Gas at \$2.50 from
NONG subscription account"

EXHIBIT NO. 34 - Ledger sheet relating to Mr. Stewart Smith

EXHIBIT NO. 35 - Voucher #7567

EXHIBIT NO. 36 - Pink sheet, #8171, relating to Mr. J.S. Smith

EXHIBIT NO. 37 - Copy of a letter from Continental Investments
Corporation to Mr. J.S. Smith, dated February 12th, 1957

EXHIBIT NO. 38 - Ledger sheet for Mr. David Levy

EXHIBIT NO. 39 - Letter from Continental Investment Corporation to
Mr. David Levy dated February 12, 1957

EXHIBIT NO. 39A - Pink slip pertaining to the transaction concerning Mr. David Levy

EXHIBIT NO. 39B - Blue slip pertaining to the transaction concerning Mr. David Levy

EXHIBIT NO. 40 - Ledger sheet concerning Mr. Gene Graff, February 12th, 1957, 200 shares

EXHIBIT NO. 41 - Letter dated February 12th 1957 from Continental Investment Corporation to Mr. Gene Graff regarding the shares mentioned

EXHIBIT NO. 41A - Pink slip pertaining to the transaction concerning Mr. Gene Graff

EXHIBIT NO. 41B - Blue slip pertaining to the transaction concerning Mr. Gene Graff

EXHIBIT NO. 42 - Client's Ledger, Glacier Investment Limited, Sheet #2

EXHIBIT NO. 43 - Contract #8314, Glacier Investment Limited

EXHIBIT NO. 44 - Client's Ledger, Northern Ontario Gas, commencing December 12, 1956

EXHIBIT NO. 44A - Client's Ledger, Northern Ontario Natural Gas, commencing January 24th, 1957

EXHIBIT NO. 44B - Client's Ledger, Northern Ontario Natural Gas, commencing February 19th, 1957

EXHIBIT NO. 44C - Client's Ledger, Northern Ontario Natural Gas, commencing March 7th, 1957

EXHIBIT NO. 44D - Client's Ledger, Northern Ontario Natural Gas, commencing March 29th, 1957

EXHIBIT NO. 44E - Client's Ledger, Northern Ontario Natural Gas, commencing April 16th, 1957

EXHIBIT NO. 44F - Client's Ledger, Northern Ontario Natural Gas, commencing May 14th, 1957

EXHIBIT NO. 44G - Client's Ledger, Northern Ontario Natural Gas, commencing May 30th, 1957

EXHIBIT NO. 44H - Client's Ledger, Northern Ontario Natural Gas, commencing June 11th, 1957

EXHIBIT NO. 45 - Hand-written tabulation

EXHIBIT NO. 46 - Hand-written tabulation, headed R.K. Farris

EXHIBIT NO. 47 - Hand-written tabulation with the heading L.A. Landreville

EXHIBIT NO. 48 - Reconciliation marked "Exhibit No. 5" from B.C. Inquiry

EXHIBIT NO. 49 - A diagram prepared by Mr. Kinsey regarding the position of the 14,000 shares

EXHIBIT NO. 50 - Cardboard file cover from the Northern Ontario Subscription file of Convesto, with some ink hand-writing on the inside flap

EXHIBIT NO. 51 - Copy of minutes of a joint meeting of Northern Ontario Municipalities held at the Township Hall, Kirkland Lake, Ontario, Wednesday, March 9th, 1955, at 11:00 A.M.

EXHIBIT NO. 52 - Letter dated February 14th, 1956, from Trans-Canada Pipe Lines Limited to Ralph K. Farris, with attached copy of letter from Trans-Canada Pipe Lines to His Worship L.A. Landreville, Mayor, Sudbury, Ontario

EXHIBIT NO. 53 - Copy of letter dated February 27th, 1956, from Northern Ontario Natural Gas Company Limited to Trans-Canada Pipe Lines Limited

EXHIBIT NO. 54 - Minutes of a meeting of the Sudbury Board of Control held at Sudbury on May 3rd, 1956

EXHIBIT NO. 55 - Letter from Mr. Ralph K. Farris to Mr. L.A. Landreville at Sudbury dated May 8th, 1956

EXHIBIT NO. 56 - Hand-written note, undated, from Mr. Landreville at Sudbury to Mr. Ralph Farris

EXHIBIT NO. 57 - Copy of the Minute of the Board of Control meeting for the City of Sudbury dated 17th May, 1956

EXHIBIT NO. 58 - Minutes of meeting of the Council of the City of Sudbury dated 19th June, 1956

EXHIBIT NO. 59 - Notes of a hearing before the Ontario Fuel Board held in Toronto, regarding Northern Ontario Natural Gas

EXHIBIT NO. 60 - Letter from the Northern Ontario Natural Gas Co., Ltd., signed by Ralph K. Farris as President and dated July 10th, 1956, addressed to His Honour the Mayor and Council, Sudbury

EXHIBIT NO. 61 - Minutes of meeting of the Council of the City of Sudbury dated July 17th, 1956

EXHIBIT NO. 62 - Copy of agreement between Northern Ontario Natural Gas Company Limited and the Corporation of the City of Sudbury dated the 18th day of July, 1956

EXHIBIT NO. 63 - Letter dated July 30th, 1956, from Landreville, Hawkins & Gratton to Ralph K. Farris

EXHIBIT NO. 64 - Photostatic copy of a newspaper clipping from "The Daily Nugget", Tuesday, Sept. 11th, 1956

EXHIBIT NO. 65 - A memo for Council from the Mayor's office re: "Hearing before Ontario Fuel Board, Toronto, July 31st, 1956"

EXHIBIT NO. 66 - Report of the accountants, Arthur A. Crawley and Co., Ltd., headed "City of Sudbury memorandum re: proposed subsidiary for Sudbury area", dated Aug. 10th, 1956

EXHIBIT NO. 67 - Copy of a telegram on Canadian Pacific Telegraph paper from Vancouver, B.C., dated Jan. 22nd, 1957, signed by Mr. Ralph K. Farris, addressed to Mrs. Leaman in Toronto

EXHIBIT NO. 68 - Letter dated January 20th from Mr. Farris to the Hon. Mr. Justice L. Landreville

EXHIBIT NO. 69 - Letter from Mr. Landreville signed "Leo" dated Nov. 25th addressed "Dear Ralph"

EXHIBIT NO. 70 - Copy of letter dated Aug. 12th, 1959, addressed to Mayor Joe Fabbro, City Hall, Sudbury, Ont.

EXHIBIT NO. 71 - Copy of memo dated Feb. 8th, 1960, to M.C. Charlie Deans, from R.K. Farris

EXHIBIT NO. 72 - Photostat copy of hand-written letter in two pages, signed "Leo"

EXHIBIT NO. 73 - Issue of Maclean's Magazine of September 7th, 1963

EXHIBIT NO. 74 - Minutes of the Thirteenth Meeting of the City Council of the City of Sudbury, May 22, 1956, at 8:00 p.m.

EXHIBIT NO. 75 - Minutes of the Fifth Meeting of City Council, City of Sudbury, February 15, 1955, at 8:00 p.m.

EXHIBIT NO. 76 - Minutes of the Eighth Meeting of Board of Control, February 21, 1956, at 3:30 p.m.

EXHIBIT NO. 77 - Minutes of the Thirty-second Meeting of Board of Control, City of Sudbury, June 20, 1956, at 3:30 p.m.

EXHIBIT NO. 78 - Letter from Mr. W.R. Edgar to Mayor and Board of Control, dated July 25, 1955 re: Delegation of Trans-Canada Pipe Line to Prime Minister and C.D. Howe, Friday, July 22, 1955, at 4:00 p.m., Ottawa

EXHIBIT NO. 79 - Letter from J.J. Kelly, City Solicitor, City of Sudbury, to Mayor and Members of Council re: Natural Gas Franchise, dated June 19, 1956

EXHIBIT NO. 80 - Minutes of the First Meeting of Board of Control, City of Sudbury, January 12, 1955, at 3:30 p.m.

EXHIBIT NO. 81 - Minutes of Fourth Meeting, Council of the City of Sudbury, February 1, 1955, at 8:00 p.m.

EXHIBIT NO. 82 - Minutes of the Seventeenth Meeting of City Council, City of Sudbury, July 3, 1956, at 8:00 p.m.

EXHIBIT NO. 83 - Memorandum dated 16th September, 1954, from J.J. Kelly, City Solicitor to the Mayor and Council of Sudbury

EXHIBIT NO. 84 - Memorandum dated 9th November, from J.J. Kelly

EXHIBIT NO. 85 - Memorandum dated November 9th, 1954, from G.J. Monaghan, Controller

EXHIBIT NO. 86 - Letter dated 25th November, 1954, from J.J. Kelly to the Mayor of Sudbury, re: Northern Ontario Natural Gas

EXHIBIT NO. 87 - Letter from T.A. Frair, City Manager of North Bay, addressed to P.H. Murphy, City Clerk of Sudbury

EXHIBIT NO. 88 - Letter dated February 1st, 1955, in reply to Exhibit No. 87

EXHIBIT NO. 89 - Letter dated February 24th, from the Town of Timmins to the Mayor of Sudbury

EXHIBIT NO. 90 - Copy of the Resolution dated March 9th, regarding the Conference at Kirkland Lake

EXHIBIT NO. 91 - Memo dated April 14th, 1955, from Mayor Landreville to Chester Grey; letter dated April 7th; and draft copy of By-law

EXHIBIT NO. 92 - Letter dated May 2nd, 1956, to the Mayor from J.J. Kelly

EXHIBIT NO. 93 - Duplicate original of Ontario Fuel Board's Certificate and letter dated August 15th, 1956

EXHIBIT NO. 94 - Copy of By-law and agreement

EXHIBIT NO. 95 - Certified copy of By-law dated July 17th

EXHIBIT NO. 96 - By-law No. 242 of Copper Cliff

EXHIBIT NO. 97 - Ontario Fuel Board order dated May 30th, 1958

EXHIBIT NO. 98 - Copy of letter dated August 2nd, 1956, addressed to Ralph Parker

EXHIBIT NO. 99 - Copy of diary filed

EXHIBIT NO. 100 - Photostat copy of memo of March 2, 1956 - telephone conversation with Tomlinson, March 2, 1956

EXHIBIT NO. 101 - Photostat copy of memo dated June 25, 1956

EXHIBIT NO. 102 - Copy of telegram sent by Mayor Landreville to J.G. Monaghan, Sudbury, M.P.P.

EXHIBIT NO. 103 - Letter dated February 20, 1956, addressed to J.G. Monaghan, from Mayor Landreville

EXHIBIT NO. 104 - Copy of J.G. Monaghan's reply to the telegram and the letter (Exhibits 102 and 103)

EXHIBIT NO. 105 - Papers received by Mr. Monaghan filed

EXHIBIT NO. 106 - Bill 91 filed

EXHIBIT NO. 107 - Letter from McLeod, Young, Weir and Company dated June, 1957, filed

EXHIBIT NO. 108 - Original letters patent of Northern Ontario Natural Gas, filed

EXHIBIT NO. 108A - Amendment dated November 15, 1955, filed

EXHIBIT NO. 108B - Amendment dated 6th July, 1956, filed

EXHIBIT NO. 109 - Letter dated May 10, 1956, from L.N. Houck, Deputy Clerk, City of Sudbury to J.J. Kelly, City Solicitor, City of Sudbury

EXHIBIT NO. 110 - Copy of letter dated May 18, 1956, to Mayor and Council Members of the City of Sudbury from J.J. Kelly, City Solicitor

EXHIBIT NO. 111 - Letter dated June 8, 1956, on letterhead of Prince Arthur Hotel, Fort Arthur, Ontario, signed by George Finlayson

EXHIBIT NO. 112 - Letter dated July 14, 1956, written by John Joseph Kelly to Northern Ontario Natural Gas Company

EXHIBIT NO. 113 - Letter of July 15th, 1956, filed

EXHIBIT NO. 114 - Letter of July 20th, filed

EXHIBIT NO. 115 - Letter dated July 3rd from Mr. Crozier to Mr. Kelly, filed

EXHIBIT NO. 116 - Letter from Mr. Kelly to Mr. Crozier, dated March 9th, 1955, filed

EXHIBIT NO. 117 - Statutes and Regulation administered by the Ontario Fuel Board, 1958

EXHIBIT NO. 118 - Chronology of dates prepared by Mr. Crozier

EXHIBIT NO. 119 - Chronology of dates prepared by Mr. Crozier at the request of Mr. Morrow

EXHIBIT NO. 120 - Telegram dated June 28th, 1956, Landreville to Crozier

EXHIBIT NO. 121 - Tabulation of dates re certificate of Public Convenience

EXHIBIT NO. 122 - List of certificate numbers for Northern Ontario Natural Gas dated May 29, 1958

EXHIBIT NO. 123 - Copy of letter dated July 14, 1956, from J.J. Kelly to Archibald R. Crozier

EXHIBIT NO. 124 - List of Board orders approving franchises, distribution franchises, certificates of public convenience and necessity, and rate orders showing date on which the municipalities served

EXHIBIT NO. 125 - Set of notes prepared by Sergeant A.R. Bates

EXHIBIT NO. 126 - Letter from L.A. Landreville to Continental Investment Corporation, dated February 16th, 1957

EXHIBIT NO. 127 - List of questions prepared by Sergeant A.R. Bates

EXHIBIT NO. 128 - Notes prepared by Sergeant A.R. Bates of 9:40 p.m., September 12th

EXHIBIT NO. 129 - Letter from Mr. Justice Landreville to Sergeant A.R. Bates, dated September 14th, 1962

EXHIBIT NO. 130 - Letter dated September 10, 1962, signed by R.W. Wonnacott and addressed to Mr. Justice Landreville

EXHIBIT NO. 131 - Résumé of interviews with The Honourable Mr. Justice L.A. Landreville, Toronto, Ontario

EXHIBIT NO. 132 - Letter addressed to The Commissioner, R.C.M. Police, Ottawa, signed by R.W. Wonnacott, dated September 17, 1962

EXHIBIT NO. 133 - Letter dated February 28th, 1966, from W.G. Morrow, Q.C., to Arthur S. Pattillo, Q.C. on behalf of the Law Society of Upper Canada

EXHIBIT NO. 134 - Reply to Exhibit 133 dated March 21st, 1966, addressed to W.G. Morrow, Q.C., from A.S. Pattillo, Q.C. on behalf of the Law Society of Upper Canada

EXHIBIT NO. 135 - Copy of letter dated March 28th, 1966, to Mr. Spencer Clark, from W.G. Morrow, Q.C.

EXHIBIT NO. 136 - Letter dated March 31st, 1966, from Mr. Spencer Clark, to W.G. Morrow, Q.C.

EXHIBIT NO. 137 - Copy of first prospectus issued in June, 1957, of Northern Ontario Natural Gas

EXHIBIT NO. 138 - Annual Report of Northern Ontario Natural Gas, dated March 1st, 1956

EXHIBIT NO. 139 - Two blown-up photographic representations of two pages of the Sudbury Star of October 1st, 1964

EXHIBIT NO. 140 - Two blown-up photographic representations of two pages of the Sudbury Star of October 9th, 1964

EXHIBIT NO. 141 - Transcript containing examination of Mr. Justice Leo Albert Landreville of the 3rd and 4th October, 1962, before the Ontario Securities Commission

EXHIBIT NO. 142 - Transcript of evidence of Mr. Justice Landreville commencing at Page 103 on the preliminary hearing in the Farris trial

EXHIBIT NO. 143 - Transcript of Farris trial containing evidence given by Mr. Justice Landreville starting at Page 611

EXHIBIT NO. 144 - Slip No. 7985 dated February 5th, 1957

EXHIBIT NO. 145 - Telegram addressed to John McGraw, dated February 28th, 1957, from Mr. Justice Landreville

EXHIBIT NO. 146 - A memorandum re: Trans-Canada Pipe Lines Limited, giving some of the history on the pipeline

EXHIBIT NO. 147 - An analysis of the sales of shares, by Mr. W.H. Chisholm, Auditor

EXHIBIT NO. 147A- Substantiation of Exhibit No. 147

EXHIBIT NO. 148 - A tabulation of Share Subscriptions of Northern Ontario Natural Gas, showing dates and names of the original subscribers

EXHIBIT NO. 149 - A Table of Shares outstanding, marked as Exhibit 4 to the preliminary of the Farris trial

EXHIBIT NO. 150 - A bundle of photostatic copies of excerpts from various newspapers, starting with 26th April, 1956, issue of the Sudbury newspaper

EXHIBIT NO. 151 - A synopsis of the minute book of Northern Ontario Natural Gas

EXHIBIT NO. 152 - Telegram from the Township of McKim to Monaghan

EXHIBIT NO. 153 - Handwritten notations as described

EXHIBIT NO. 154 - Letter dated May 4, 1956 from C.D. Howe to L.A. Landreville as Mayor of Sudbury

EXHIBIT NO. 155 - Article from the Sudbury Star, being a notice of a public hearing dated May 29, 1956

EXHIBIT NO. 156 - Ontario Fuel Board Order dated July 16th, 1956

EXHIBIT NO. 157 - Copy of letter dated October 1, 1956, Farris to Landreville

EXHIBIT NO. 158 - Pencilled writing dated October 8, 1956

EXHIBIT NO. 159 - An excerpt from the 1959 Ontario Securities Report, being page 8 of that Report

EXHIBIT NO. 160 - A telegram dated February 3, 1960, from "Ralph" to Justice Landreville

EXHIBIT NO. 161 - Telegram dated February 22nd, 1960, from "Bettie and Ralph" to Justice Landreville

EXHIBIT NO. 162 - Photostat copy of clipping of Toronto Daily Star issue Friday, April 26, 1963

EXHIBIT NO. 163 - Photostatic copy of Kirkland Lake newspaper for July 20, 1956

EXHIBIT NO. 164 - Enlarged photograph of Exhibit No. 163

EXHIBIT NO. 165 - Notice pursuant to the Libel and Slander Act, dated 3rd September, 1963

EXHIBIT NO. 166 - Copy of letter to F.M. Cass, dated April 28, 1963

EXHIBIT NO. 167 - Copy of undated letter to the Editor, Toronto Daily Star

EXHIBIT NO. 168 - A letter dated June 12th, 1964, from Mr. Justice Leo Landreville to the Hon. Guy Favreau, Q.C.

EXHIBIT NO. 169 - Ontario Government Press release issued by The Honourable A.A. Wishart, Q.C., Attorney General of Ontario
Subject: Regina vs Landreville dated "On or about October 24, 1964"

EXHIBIT NO. 170 - Photostatic copy of excerpt from Hansard of October 19, 1964

EXHIBIT NO. 171 - Copy of clipping from Toronto Daily Star dated October 20, 1964

EXHIBIT NO. 172 - An excerpt from the "Sudbury Star", being the Editorial Page from Thursday, December 16th, 1965

S U M M A R Y

Issued by The Honourable I.C. Rand
in respect of the Inquiry into the dealings of
The Honourable Mr. Justice Leo A. Landreville
with Northern Ontario Natural Gas Limited

In a report tabled in Parliament today, the Honourable I.C. Rand presented his findings in respect to the Inquiry he was commissioned in January to carry out concerning the dealings of The Honourable Justice Leo A. Landreville with and arising out of Northern Ontario Natural Gas Ltd. (NONG).

The report contains a detailed review of the circumstances leading up to the granting of a gas franchise by the City of Sudbury to NONG. The circumstances of Justice Landreville, as the then Mayor of Sudbury, obtaining an option to purchase 10,000 shares of NONG at \$2.50 shortly after the third reading of the by-law granting the franchise took place; his relationship with Ralph K. Farris, the then President of NONG, during and following this period; the method of handling the transfer over of the shares from NONG to the Judge through a Vancouver brokerage company resulting in 7,500 shares being forwarded to the Judge, the remaining 2,500 shares being transferred to Farris' account to cover the cost of the shares; and the eventual sale of the 7,500 shares resulting in a net profit of \$117,000, are all studied and discussed.

Similarly, the Judge's behaviour towards and remarks to the two RCMP who interviewed him in September 1962, and his eventual refusal to answer certain questions left with him at this time by Sgt. A.R. Bates, are reviewed in detail.

The Commissioner makes a full and detailed review and comparison of the discrepancies to be found in the sworn testimony given by Justice Landreville

on the three occasions, before this Inquiry, when he was required to give evidence: viz: in 1962 before the Ontario Securities Commission, in 1963-64 at the Preliminary Hearing of the R.K. Farris perjury charge, and later in 1964 at the Farris trial -- all in the light of the evidence given at this Inquiry.

In the result the general character of the testimony by Justice Landreville is assessed as: "vague, indefinite, qualified, non-committal, replete with half-truths, over-stressed accounts of indifferent or non-significant facts, irrelevant digressions, emphases on the obvious, indignant assertion in the nature of shadow-boxing, protestations of anxiety to vindicate himself, and airy looseness with truth in small matters: all bringing about an essentially misleading picture of governing facts".

A study is made of instances in the past where in Great Britain and in the United States the conduct of Judges has been under review by Parliament and by the Courts. The importance of the independence of Judges is emphasized: "It should be the guarantee of security to the weak against the strong and to the individual against the community; it should present a shield against the tyranny of power and arrogance and against the irresponsibility and irrationality of popular action --." "... the underlying basic assumption is the intellectual and moral integrity of the judicial officer in his pronouncements".

In reaching his conclusions the Hon. Mr. Rand outlines his guiding principle: "Would the conduct fairly determined in the light of all the circumstances, lead such persons (enlightened public opinion) to attribute such a defect of character that the discharge of the duties of the office thereafter would be suspect?; has it destroyed unquestioning confidence of uprightness, confidence in openness of mind to every legitimate appeal, of integrity in

weighing the factors of judgment, in the honesty of decision - the elements of public honor?"?

The conclusions reached by the Commissioner are summarized as:

- (1) Justice Landreville has failed to explain away satisfactorily the grave suspicion of impropriety suggested by the circumstances revolving around the acquisition of 7,500 shares of NONG for which he paid no consideration.
- (2) Justice Landreville's conduct in giving evidence before the Ontario Securities Commission and before the Supreme Court of Ontario in the Farris trial constituted a gross contempt of these tribunals and a serious violation of his personal duty as a justice of that Court "which has permanently impaired his usefulness as a Judge".
- (3) Generally, arising out of the above, his whole conduct from the period leading up to the granting of the franchise and including his attitude during and throughout the proceedings of 1962 to 1964 as mentioned, has drawn upon Justice Landreville the onus of proving himself to be innocent -- "which he has failed to do . . ." "a breach of that standard of conduct obligatory upon him, which has permanently impaired his usefulness as a Judge".

Commissioner Rand held public hearings at Vancouver, Sudbury, Toronto and Ottawa preliminary to preparing his report. Among the many witnesses who testified during the investigation was Mr. Justice Landreville.

